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# Supreme Court of the United States

OCTOBER TERM, 1975.

No. 75-1794

EVER-READY INCORPORATED, A CORPORATION, AND MARK GILBERT, AN INDIVIDUAL,
*Petitioners,*

*vs.*

UNION CARBIDE CORPORATION, A CORPORATION,
*Respondent.*

## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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Petitioners, Ever-Ready Incorporated and Mark Gilbert, respectively pray that writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Seventh Circuit entered in this proceeding on January 30, 1976, as amended on denial of petition for rehearing on March 11, 1976.

## OPINIONS BELOW.

The opinion of the Court of Appeals for the Seventh Circuit is reported at 531 F. 2d 366. The opinion of the District Court for the Northern District of Illinois, Eastern Division, is reported at 392 F. Supp. 280. Both opinions are appended hereto.

## JURISDICTION.

The judgment of the Court of Appeals for the Seventh Circuit was entered on January 30, 1976. Petition for rehearing was denied, and the January 30, 1976 opinion was amended on March 11, 1976. This Court's jurisdiction is invoked under 28 U. S. C. § 1254(1).

## QUESTIONS PRESENTED FOR REVIEW.

1. Whether a defendant in a trademark infringement action may be denied the right to attack the underlying validity of plaintiff's mark, except upon the limited grounds enumerated in Section 33(b) of the Lanham Act, merely because by means of registration and a lapse of five years, the mark has become "incontestable" under Section 15 of that Act.

2. Whether, in a trademark infringement action, the Court of Appeals abused its discretion and violated F. R. C. P. 52(a) by trying the likelihood of confusion issue *de novo* and reversing the trial court's specific finding that there was no likelihood of confusion because (1) plaintiff's survey evidence was "slanted, and likely to lead to bias and error", and (2) plaintiff's witnesses were not to be believed.

## STATUTES INVOLVED.

The statutes involved are:

1. Section 15 of the Lanham Act, 15 U. S. C. § 1065, which provides:

"Except on a ground for which application to cancel may be filed at any time under subsection (c) and (e) of section 14 of this Act, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to



the date of the publication under this Act of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for 5 consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: *Provided, That*—

(1) there has been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register; and

(2) there is no proceeding involving said rights pending in the Patent Office or in a court and not finally disposed of; and

(3) an affidavit is filed with the Commissioner within 1 year after the expiration of any such 5-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such 5 consecutive years and is still in use in commerce, and the other matters specified in subsections (1) and (2) hereof; and

(4) no incontestable right shall be acquired in a mark which is the common descriptive name of any article or substance, patented or otherwise.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this Act shall apply to a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Commissioner within 1 year after the expiration of any period of 5 consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 12 of this Act.

The Commissioner shall notify any registrant who files the above-prescribed affidavit of the filing thereof."

2. Section 33(b) of the Lanham Act, 15 U. S. C. § 1115(b), which provides:

"If the right to use the registered mark has become incontestable under section 15 hereof, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 15 subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to registration of the mark under this Act or publication of the registered mark under subsection (c) of section 12 of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this Act or publication under subsection (c) of section 12 of this Act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or



defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States."

## STATEMENT OF THE CASE.

Defendant, Ever-Ready Incorporated (Ever-Ready), is a small Chicago distributor of a variety of electrical products and gift goods. Defendant, Mark Gilbert, the Ever-Ready principal, began business in 1944 as Ever-Ready Fluorescent Company and continues to conduct a fluorescent light maintenance service under that name. In 1946 a new company called Ever-Ready Electric Co. was formed to distribute a number of electrical products and gift goods. The business was incorporated as Ever-Ready Electric Supply Company in 1952, and its name later changed to Ever-Ready Incorporated (1955) and Ever-Ready International Ltd. (1972). Defendant conducts business under a trade name which includes the words "Ever-Ready" in combination with a logo design. Defendant has used "Ever-Ready" as a trademark since 1944.

Among a great variety of products, Ever-Ready imports miniature lamp bulbs with the two words "Ever-Ready" stamped on their base. Two bulbs are placed in a blister package. The blister packs are sold to retailers for subsequent sale to consumers. Upon each card are printed the words "Ever-Ready" in a four-sided logo, the phrase "high intensity mini-bulbs" and the legend near the bottom, "© 1970 Ever-Ready Inc., Chicago, Ill. 60607." Defendants also import high-intensity lamps bearing the words "Ever-Ready" either stamped upon the lamps' bases or printed upon attached labels. The lamps are sold only at wholesale with literature bearing the words "Ever-Ready" displayed thereon.

In 1970 Union Carbide Corporation (Carbide) first contacted Ever-Ready, stating that the sale of defendants' miniature

bulbs for *home* lamp use under the trademark "Ever-Ready Inc., Chicago, Ill." constituted an infringement of Union Carbide's "EVEREADY" mark which was used on packaging of General Electric miniature lamp bulbs sold for *automobile* use. After defendant refused to summarily abandon the name it had used for over 25 years, Union Carbide filed the instant action for trademark infringement and unfair competition, with a pendent dilution claim under the Illinois Trade-Mark Act, Ill. Rev. Stat., ch. 140, § 22. Jurisdiction of the District Court was founded upon 15 U. S. C. § 1121, 28 U. S. C. §§ 1332 and 1338. The action was not limited to miniature lamp bulbs, but sought to enjoin defendant from use of its "Ever-Ready Inc." name in any connection whatsoever. While Carbide did not seek damages or an accounting of Ever-Ready's profits, it did request that Ever-Ready be required to deliver up to it all the packaging and promotional material bearing the allegedly infringing words and symbols. Ever-Ready denied the substantive allegations of the complaint, and raised as affirmative defenses both laches, and misuse of the trademark in violation of the antitrust laws. At trial, this latter defense was severed for separate trial pursuant to Federal Rule of Civil Procedure 42(b).

Upon a bench trial, Judge Prentice H. Marshall found no infringement, no dilution under Illinois law, and no unfair competition. Moreover, Judge Marshall decided that there was no likelihood of confusion between the two marks. This decision was reached after the trial court had opportunity to assess both the survey evidence prepared by a Carbide expert, and instances of alleged actual confusion. As to the survey, Mr. Fitzpatrick, Union Carbide's expert witness, testified on cross-examination that the survey was "leading," and therefore "slanted" and likely to lead to "bias" and "error". As a result of this testimony, the trial judge held the surveys "are entitled to little, if any weight" (A57). Furthermore, Judge Marshall found the three witnesses called by Union Carbide to testify as



to confusion, "suspect" and "inattentive people" and therefore not to be believed (A56).

In the subsequent appeal by Union Carbide to the Seventh Circuit Court of Appeals, the trial judge's decision was reversed in its entirety. The Court first held that because Carbide's mark had become incontestable under 15 U. S. C. § 1065, Carbide had the exclusive right to use the trademark. As a result, the Court concluded, Carbide's mark was immune from any attack on its validity, except upon the grounds enumerated in 15 U. S. C. § 1115(b). To reach this conclusion, the Seventh Circuit specifically reversed its own fifteen-year old decision in *John Morrell & Co.* v. *Reliable Packing Co.*, 295 F. 2d 314 (1961). Moreover, Judge Pell recognized that the Court's new position was directly contrary to the decisions of the Ninth Circuit in *Tillamook County Creamery Ass'n.* v. *Tillamook Cheese and Dairy Ass'n.*, 345 F. 2d 158 (1965), *cert. denied*, 382 U. S. 903, and the Eighth Circuit in *Wrist-Rocket Manufacturing Co., Inc.* v. *Saunders Archery Co.*, 516 F. 2d 845 (1975), *cert. denied*, ..... U. S. ....., 46 L. Ed. 2d 100.

The Court of Appeals then reversed each of Judge Marshall's other findings, trying *de novo* the issue of likelihood of confusion. Defendants' petition for rehearing was denied, although the Court did add the current Part IV to its opinion at that time, allowing the defendants to try their antitrust misuse defenses.

## ARGUMENT.

### I.

### The Holding of the Court of Appeals for the Seventh Circuit That an Incontestable Trademark Is Immune from Attack, Except Upon the Grounds Listed in § 33(b) of the Lanham Act, Is in Conflict with the Decisions of Other Circuits and Is Contrary to the Act Itself.

The first of the two major issues with which the Court below dealt was the effect of the fact that Union Carbide's mark had achieved incontestable status under 15 U. S. C. § 1065. Judge

Pell reached the conclusion that once incontestability is achieved by registration and a lapse of five years, the only permissable attack upon such a mark is one based upon the seven specific defenses set forth in 15 U. S. C. § 1115(b). This holding is in conflict with the decisions of other Courts of Appeal as well as the Lanham Act itself.

The Appellate Court's decision in the instant matter is directly contrary to other Court of Appeals decisions in *Tillamook Creamery Ass'n.* v. *Tillamook Cheese and Dairy Ass'n.*, 345 F. 2d 158 (9th Cir. 1965), *cert. denied*, 382 U. S. 903, *Wrist-Rocket Manufacturing Co., Inc.* v. *Saunders Archery Co.*, 516 F. 2d 846 (8th Cir. 1975), *cert. denied*, ..... U. S. ..... (1975), 46 L. Ed. 2d 100, and *Flavor Corporation of America* v. *Kemin Industries, Inc.*, 493 F. 2d 275 (8th Cir. 1974), as well as the District Court decisions in *Schwinn Bicycle Company* v. *Murray Ohio Manufacturing Co.*, 339 F. Supp. 973 (M. D. Tenn. 1971), and *Haviland & Co.* v. *Johann Haviland China Corporation*, 269 F. Supp. 928 (S. D. N. Y. 1967).

In support of the Seventh Circuit's opinion is the Fifth Circuit decision in *John R. Thompson Co.* v. *Holloway*, 366 F. 2d 108 (1966), and the trial level decisions in *Jockey International, Inc.* v. *Bukard*, 185 U. S. P. Q. 201 (S. D. Cal. 1975), and *Seiler's Inc.* v. *Hickory Valley Farm Inc.*, 139 U. S. P. Q. 460 (T. T. A. B. 1963).

The decision below is also contrary to the plain intent of the Lanham Act. The legislative history of the Lanham Act reveals that the doctrine of incontestability is a narrow defensive device only. The incontestability provisions were enacted solely to protect those who had registered their trademarks from cancellation of that registration by the claim of an alleged prior user of the identical mark on identical goods. The legislation was never intended to provide registrants with an affirmative weapon which would allow them to assert that because their mark was incontestable they somehow had acquired rights against defendants in trademark infringement actions which pre-



cluded an attack not only on the registration but also on the inherent invalidity of the mark. See, D. Robert, *The New Trademark Manual*, pp. 134-35 (1947).

That the Lanham Act's incontestability section was not intended to insulate a trademark from attack upon its inherent invalidity is well supported by current case law. Indeed, to reach the instant result, the Seventh Circuit found it necessary to specifically reverse its own decision in *John Morrell & Co.* v. *Reliable Packing Co.*, 295 F. 2d 314 (1961). In *Morrell*, the Court had held that § 1115(b) did not provide immunity from attack upon the mark by the alleged infringer, but was only intended "to protect a registrant from having its mark cancelled by a prior user claiming superior rights."

The Seventh Circuit's reversal of its prior holding not only creates a conflict among the Circuits, but also presents an important question of statutory construction. If permitted to stand, the decision leaves the intent and meaning of this key provision of the Lanham Act in a state of confusion, and requires direction by this Court to resolve the conflict in the Circuits.

## II.

### The Treatment by the Lower Court of the Issue of Likelihood of Confusion Amounts to an Improper Trial De Novo.

This Court has held, in *Zenith Radio Corp.* v. *Hazeltine Research, Inc.*, 395 U. S. 100, 123 (1969), that the scope of review of an appellate court is limited:

> "The authority of an appellate court when reviewing the findings of a judge . . . is circumscribed by the deference it must give to decisions of the trier of the fact, who is usually in a superior position to appraise and weigh the evidence. The question for the appellate court under Rule 52(a) is not whether it would have made the findings the trial court did, but whether 'on the entire evidence [it] is left with the definite and firm conviction that a mistake has been committed.' "

In spite of this admonition, the appellate court here stated that it was "in as good a position as the trial judge to determine the probability of confusion" (A26), and thereupon tried the likelihood of confusion issue *de novo,* and reversed Judge Marshall's finding that no one was likely to be confused by the two marks. The appellate court reversed the trial court without benefit of hearing the testimony or considering the demeanor of the witnesses. It has resurrected plaintiff's expert who was utterly discredited on cross-examination. The decision constitutes an open invitation to perjury and a repudiation of the efficacy of cross-examination.

The trial court opinion sets out the testimony of plaintiff's expert, Fitzpatrick (A60). On cross-examination he was destroyed, conceding that the survey he sponsored was "slanted" and therefore likely to lead to "error" and "bias" (A60). Nevertheless, because during the luncheon recess Fitzpatrick was told he had given away the entire case and on redirect recanted his testimony on cross, the appellate court was willing to ignore the cross-examination testimony and assign as grounds therefor the alleged failure of the trial judge to make a specific finding that Fitzpatrick was not to be believed (A. 34). That position ignores the fact that Judge Marshall did rule that Fitzpatrick's testimony and his survey were entitled "to little, if any, weight" (A57).

By crediting the surveys sponsored by Fitzpatrick in the teeth of a clear ruling that the trial judge who heard the testimony and observed the witness found them to be incredible, the Seventh Circuit has made its own *de novo* decision that surveys, conceded to be fatally prejudiced by their sponsor, are in and of themselves sufficient to establish likelihood of confusion. Obviously even Carbide's attorneys did not feel that the surveys were alone sufficient to establish likelihood of confusion. If they had, they would simply have introduced the surveys and rested. Instead, they placed Fitzpatrick on the stand to expertly opine that his surveys established likelihood of confusion. When



Fitzpatrick conceded on cross-examination that the surveys were slanted, biased, and error filled, that should have been the end of the matter.

Finally, in addition to survey evidence, Carbide also introduced evidence of alleged actual confusion. Judge Marshall specifically found Carbide's witnesses unworthy of belief, characterizing two witnesses as "careless and inattentive" and observing that the other, Carbide's lawyer's secretary, presented "manufactured" evidence (A56). Nevertheless, just as it did with the survey, the Seventh Circuit ignored the trial Court's findings and held that Carbide's witnesses were creditable (A28).

We submit that in reversing the decision of the trial judge as to the weight and credibility of the testimony and thus trying the likelihood of confusion issue *de novo,* the appellate court has usurped the function of the trial court. The decision below is erroneous and exceeds the scope of permissible appellate review, and should, in the exercise of this Court's supervisory function, be reversed.

## CONCLUSION.

For the foregoing reasons, a writ of certiorari should issue to review the judgment and opinion of the Seventh Circuit.

Respectfully submitted,

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# APPENDIX.

UNITED STATES COURT OF APPEALS,
SEVENTH CIRCUIT.

No. 75-1371.

UNION CARBIDE CORPORATION,
*Plaintiff-Appellant,*

*vs.*

EVER-READY INCORPORATED, a corporation, and Mark Gilbert, an individual,
*Defendants-Appellees.*

Argued Oct. 22, 1975.

Decided Jan. 30, 1976.

As Amended on Denial of Rehearing March 11, 1976.
As Amended March 16, 1976.

PELL, *Circuit Judge.*

Union Carbide Corporation brought this action against Ever-Ready Incorporated[1] alleging trademark infringement and unfair competition.[2] In issue on this appeal are 1) whether the district court erred in declaring Carbide's trademark, EVER-EADY, invalid; 2) whether the district court erred in finding

1. Ever-Ready Incorporated changed its name to Ever-Ready International Ltd. while this action was pending in the district court.

2. The district court found jurisdiction pursuant to 16 U. S. C. § 1121 and 28 U. S. C. §§ 1332 and 1338.

that defendants' use of Ever-Ready on electrical products was not likely to cause confusion; and 3) whether the district court erred in holding that defendants' use of Ever-Ready does not constitute unfair competition or dilution under Illinois statutes. In the district court Ever-Ready raised the affirmative defenses of laches and misuse of trademark in violation of the antitrust laws. Prior to trial the antitrust issues were served for separate trial pursuant to Fed. R. Civ. P. 42(b) and are not involved in this appeal.

In 1898 plaintiff's predecessor, American Electrical Novelty & Manufacturing Company, adopted the term EVER READY to distinguish its products. In 1901 the mark was changed to EVEREADY. In 1909 the company changed its name to American Ever Ready Company, and in 1914 it assigned all its assets to the National Carbon Company, Carbide's predecessor.

Currently plaintiff sells under its trademark, EVEREADY, alone or in combination with other words and designs, an extensive line of electric batteries, flashlights, and miniature bulbs for automobile and marine use. Carbide presently is the owner of five United States trademark registrations on its trademark, EVEREADY, alone, and with other words and distinctive designs. Affidavits have been filed pursuant to 15 U. S. C. §§ 1058 (for continued validity) and 1065 (for incontestability). Carbide has advertised these products extensively and since 1966 has had sales of its EVEREADY products in excess of one hundred million dollars per year. From October 1965 through July 1967 Carbide sold certain bulbs under its EVEREADY mark in blister packages which indicated that theye were for high-intensity reading lamps. Carbide has continued to sell identical bulbs packaged for automotive and other uses.

In 1944 defendant Mark Gilbert began business as Ever-Ready Fluorescent Company and still continues to conduct a fluorescent light maintenance service. In 1946 a new company was formed to import and distribute electrical supplies, stationery, gift items,



and accessories, including lamps, light bulbs, light fixtures, and flashlights. After several changes of form and name, this company became the defendant, Ever-Ready Incorporated. The products listed above are primarily distributed under names other than Ever-Ready, although Ever-Ready's promotional material, which is distributed within the trade, contains its corporate logo.

In 1969 defendants commenced importing miniature lamp bulbs having the term Ever-Ready stamped on their bases and selling these bulbs in blister packages containing the term Ever-Ready in a four-sided logo and indicating that they are for high-intensity lamps. Ever-Ready also imports the high-intensity lamps with Ever-Ready stamped on them or on labels attached to them. The literature accompanying the lamps also contains the logo. The name of the manufacturer is also indicated on the lamps.

Carbide sought an injunction against Ever-Ready's use of the term Ever-Ready on or in connection with the advertising or sale of electrical products. Carbide also requested that Ever-Ready be required to deliver up to it all material containing the allegedly infringing marks. No damages were sought. The district court found no infringement, no dilution under Illinois law, no unfair competition, and declared Carbide's mark, EVEREADY, invalid.[3] This appeal followed.

## I. Validity of Plaintiff's Trademark

### A. *Validity is in Issue*

Plaintiff argues that the validity of its mark was not in issue before the trial court and that it was improper for the trial court to address the issue in its opinion. Plaintiff relies on a stipulation entered before trial which stated that plaintiff's registrations were in full force; on the statement of issues, which were part of the

3. The district court opinion appears at 392 F. Supp. 280.

pretrial order; and on defendants' proposed findings of facts and conclusions of law, which contained no finding of invalidity.

The stipulation is of little help to plaintiff. That a registration is in force is not necessarily inconsistent with the invalidity of a trademark, for example, where the trademark has become a generic term. At most the stipulation is ambiguous. We are, however, troubled by the failure to include the question of validity in the statement of issues in the pretrial order. Invalidity is, of course, a defense to an infringement action. If the defendants wished to rely on it, it should have been a part of the statement of issues. On the other hand, remarks during trial, at least by defendants' counsel, indicate that validity was in issue. The trial judge concluded that it was in issue.

Having carefully considered these factors, we conclude that we must face the issue of invalidity. Plaintiff may or may not have been prejudiced before the district court if counsel did not adequately brief or argue the validity of the trademark because he did not view it as in issue; nevertheless, counsel has not shown this court that it was prejudiced because evidence was not introduced which would have been had counsel believed validity was in issue. The legal issues have been fully briefed before this court.

B. *Effect of Incontestability*

A mark may become "incontestable" if the requirements of 15 U. S. C. § 1065 are met.[4] Defendant does not dispute that Carbide has complied with the requirements of § 1065 on incontestability but disputes the effect and scope of that achievement. Section 1115 prescribes the effects of registration and incontestability in an infringement action. It provides in relevant part:

> "(a) Any registration . . . of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall

4. "§ 1065. Incontestability of right to use mark under certain conditions. (*Infra*, at .....).



> be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.
>
> "(b) If the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 1065 subject to any conditions or limitations stated therein except when one of the following defenses or defects is established. . . ."

Seven defenses then follow, but none are relevant in this appeal.[5]

It is not disputed that the prima facie presumption of § 1115(a) may be used in an infringement action. Contrary to defendants' assertions, nothing in the statute indicates that the conclusive evidence rule of § 1115(b) cannot be used similarly. Three of the defenses enumerated in the section clearly contemplate the use of incontestability in infringement actions by plaintiffs. Subsections 1115(b)(4), 1115(b)(5), and 1115(b)(6) describe situations where a plaintiff's mark shall not be conclusive evidence in infringement actions. This implies that in other situations, assuming none of the other enumerated defenses are applicable, incontestability may be used by a plaintiff in establishing his case. Nevertheless, courts have not given the section uniform treatment. Opinions range from strict to liberal.

Defendants argue that incontestability is a narrow defensive device which cannot be used offensively by a plaintiff in an infringement action. Certainly no such limitation is expressed in the statute, but there is a line of cases which provides support for defendants' position. *John Morrell & Co.* v. *Reliable Packing Co.*, 295 F. 2d 314 (7th Cir. 1961), is procedurally

5. The defenses are: (*Infra*, at .....).

similar to the present case. In *Morrell*, plaintiff, owner of an incontestable registration, sued for statutory trademark infringement, unfair competition, and dilution under an Illinois statute. The essence of the court's holding was that plaintiff had failed to sustain its burden to show a likelihood of confusion between its mark, "E-Z Cut," and defendant's "Easy-Carve." In reaching this conclusion the court relied on the parties' practices of using these marks in connection with their names (Morrell E-Z Cut and Thompson Farms Brand Easy Carve). Plaintiff had apparently argued that the court could not consider this because its mark was incontestable. The district court did not limit its discussion to holding that confusion was not likely, but cited language in *Rand McNally & Co.* v. *Christmas Club*, 105 U. S. P. Q. 499 (Comm. of Pat. 1955), *aff'd*, 242 F. 2d 776, 44 CCPA 861 (1957), which indicated that incontestability has a defensive, not an offensive, effect and that when a mark becomes incontestable, the owner's rights in the mark are not broadened. We note that in *Morrell* the court did not declare the plaintiff's mark invalid.

The language cited was clearly dicta in *Rand McNally*. In issue in the case was whether the mark, "Christmas Club" was descriptive when used as the title of defendant's magazine. Plaintiff indicated that he brought the petition to cancel the registration so that it could not become incontestable and prevent him from using the same words in connection with a savings plan as he had been doing. The assistant commissioner who wrote the patent office opinion indicated, in the language cited by the *Morrell* panel, that the plaintiff's fears were unfounded. By the defensive/offensive language he apparently was attempting to state in another way that incontestability would not enable the defendant to extend his mark more broadly than he could prior to incontestability. The assistant commissioner went on to hold that the mark as used was valid. The Court of Customs and Patent Appeals affirmed without reference to the dicta regarding incontestability.



The defensive/offensive language cited in *Morrell* has caused much confusion regarding the effect of incontestability. In *Tillamook County Creamery Association* v. *Tillamook Cheese and Dairy Association*, 345 F. 2d 158 (9th Cir. 1965), *cert. denied*, 382 U. S. 903, 86 S. Ct. 239, 15 L. Ed. 2d 157, an infringement action, the court introduced a discussion of incontestability with the statement: "Without basing any special argument thereon or seeming to attach significance to it, the appellant suggests that . . . it had obtained incontestability of that registration." (Footnote omitted.) *Id.* at 163. It then held that the appellant properly refrained from arguing incontestability because of the defensive/offensive distinction. Citing *Morrell* it further stated:

> "If plaintiff has attained incontestability of its mark, its registration could not be cancelled by a proceeding to cancel the same. But this does not aid the plaintiff in any claim that it has an exclusive right to the name or mark or that it may rely on the same as a basis for an injunction against the defendant." *Id.*

Regardless of the reason plaintiff did not argue incontestability, it appears on the facts found by the court that plaintiff's mark was not incontestable with respect to the defendant. The court found that the defendant's predecessor had acquired the right to use the mark in question prior to plaintiff's use and that it had not been abandoned. Section 1065 provides that a mark does not become incontestable "to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of the publication under this chapter of such registered mark." 15 U. S. C. § 1065.[6] Thus, plaintiff had no right to rely on incon-

6. This exception involving prior use must be contrasted with §§ 1115(b)(5) and 1115(b)(6). The first involves a situation where the registrant begins to use a mark (without registering it), the alleged infringer begins use of his mark without knowledge of the registrant's prior use, and then the registrant registers and publishes

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testability. Also, the court noted that the geographic location defense might be available to the defendant.

A second problem arises from the court's statement in *Tillamook* regarding incontestability preventing cancellation of plaintiff's registration. This problem is presented in clearer focus in the recent Eighth Circuit decision of *Wrist-Rocket Manufacturing Co., Inc.* v. *Saunders Archery Co.*, 516 F. 2d 846 (8th Cir. 1975), *cert. denied*, ..... U. S. ....., 96 S. Ct. 134, 46 L. Ed. 2d 100. The lower court in *Wrist-Rocket* held that plaintiff's action for trademark infringement, which was based on an incontestable mark, had not been sustained by the evidence; that the defendant was the common law owner of the mark because he had first used it prior to plaintiff's registration; and that plaintiff's registration should be cancelled and he be permanently enjoined from using the mark.

The Eighth Circuit first held incontestability was "not a sword" on which plaintiff could rely to establish his exclusive right to use the mark citing, *inter alia, Tillamook*. It upheld the district court in its finding that defendant had a common law right to use the trademark, but held that the right was not exclusive.

The court then considered the district court's order cancelling plaintiff's mark and injunction against its future use. It held these actions were improper. The district court had held that plaintiff's mark was unprotected because a mark cannot become incontestable against a user's prior rights established under state law. This exception to § 1065 was quoted, *supra*, in discussing *Tillamook*. The Eighth Circuit held the district court's application of this section was improper because "[i]ncontestability is . . . a shield that protects the registrant from cancellation of his trademark by a prior user claiming superior rights." 516 F. 2d at 851. At first glance this statement appears in conflict with the exception in § 1065. The language is perhaps

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his mark. The second involves a situation where the alleged infringing mark was registered and used prior to the charging party's registration.



unfortunate. As authority for this statement the court relied, *inter alia*, on *Tillamook*, *Morrell*, and 4 Callman, *Unfair Competition, Trademarks and Monopolies*, § 97.3(c)(1)(3d ed. 1970) at 599. Callman discusses incontestability of registration and incontestability of use. Section 1065 is entitled "Incontestability of right to use mark under certain conditions." Compliance with § 1065 entitles a registration to conclusive evidentiary weight under § 1115(b). Portions of § 1064 indicate that after five years a registration may only be cancelled for specified reasons. Callman refers to these portions of §1064 as the "incontestability of registration" provisions. The statute does not use this terminology. Section 1064, not incontestability under § 1065, "protects the registrant from cancellation of his trademark by a prior user claiming superior rights" because prior use is not a ground for cancellation under § 1064. Section 1064's protection is broader than the incontestability rights under § 1065. Also, five years of use after registration entitles a registrant to protection under § 1064 whereas an affidavit must be filed to achieve incontestability under § 1065. References to the protection accorded registrations under § 1064 by the term "incontestability" causes confusion and should be avoided even though the sections were enacted at the same time and complement each other.

Other cases which have drawn the defensive/offensive distinction are: *Schwinn Bicycle Company* v. *Murray Ohio Manufacturing Co.*, 339 F. Supp. 973 (M. D. Tenn. 1971) (relying on *Tillamook* and *Morrell*), *aff'd per curiam on other grounds*, 470 F. 2d 975 (6th Cir. 1972); *Haviland & Co.* v. *Johann Haviland China Corporation*, 269 F. Supp. 928 (S. D. N. Y. 1967) (relying on *Tillamook and Morrell*); *Electrical Information Publications* v. *C-M Periodicals, Inc.*, 163 U. S. P. Q. 624 (N. D. Ill. 1969).

Defendants also rely on several cases which they assert stand for the general propostion that descriptiveness of a plaintiff's mark may be raised as a defense in any infringement action.

There is no indication in *G. Lablanc Corporation* v. *H. & A. Selmer Inc.*, 310 F. 2d 449 (7th Cir. 1962). *cert. denied*, 373 U. S. 910, 83 S. Ct. 1299, 10 L. Ed 2d 412 (1963), that the mark involved was incontestable, notwithstanding defendants' indication to the contrary, or that this court considered that issue. In *Jean Patou, Inc.* v. *Jacqueline Cochran, Inc.*, 201 F. 2d 125 (2d Cir. 1963), the district court mentioned incontestability, discussed the descriptive nature of plaintiff's mark, then assumed the mark's validity and held there was no infringement because defendant was using the word "Joy," plaintiff's mark, in a descriptive sense. Though the court did not cite § 1115(b)(4), we note that under it defendant's use of the alleged infringing term in a descriptive sense is a defense to incontestability. The Second Circuit specifically declined to review the propriety of other findings of the district court; noted that since plaintiff's mark was incontestable, the primary issue between the parties was whether the defendant's use was likely to deceive or cause confusion or mistake; and held that the district court was not clearly erroneous in finding there was no likelihood of confusion. Thus, *Patou* is of little help to defendants; indeed, if it is relevant at all, the Second Circuit opinion lends support to plaintiff's position. Finally, we must consider *Flavor Corporation of America* v. *Kemin Industries, Inc.*, 493 F. 2d 275 (8th Cir. 1974).

In *Flavor Corporation* the Eighth Circuit interpreted the incontestability provisions in relation to descriptiveness in an apparently unique manner. The court first declined to resolve the controversy over the precise effect of incontestable status. It held that a mark registered under § 1052(f)[7] could not become in-

7. Carbide's mark was not originally registered under § 1052(f), but secondary meaning has become an issue in this law suit. Section 1052(f) reads as follows:

> "(f) Except as expressly excluded in paragraphs (a)-(d) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Commissioner may accept as prima facie evidence that the mark has become distinctive, as applied to the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years next preceding the date of the filing of the application for its registration."

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contestable because of § 1065(4). Section 1065(4) provides: "[N]o incontestable right shall be acquired in a mark which is the common descriptive name of any article or substance patented or otherwise." Section 1052(f) permits the registration of marks which might be characterized as "merely descriptive" if the mark has become "distinctive of the applicant's goods in commerce." 15 U. S. C. §§ 1052(e), 1052(f). If a mark is the common descriptive name of an item, it does not qualify for registration under § 1052(f). If a mark becomes the common descriptive name of an item, it may be cancelled at any time and incontestability would be of no effect even if subsection (4) had not been enacted. 15 U. S. C. §§ 1064(c), 1065. Subsection (4) was added to the act by the conference committee without explanation, and it is doubtful whether the provision does more than clarify what is already in the act. D. Robert, *The New Trade-Mark Manual* 138 (1947). In effect the Eighth Circuit has equated a mark that is descriptive, but distinctive of registrant's goods, with one that is the common descriptive name of an item. We do not believe this was the intention of Congress and decline to follow *Flavor Corporation* on this point. We note that this aspect of the case has received substantial criticism from commentators. W. Derenberg, *The Twenty-Seventh Year of Administration of the Lanham Trademark Act of 1946*, 64 Trade-Mark Rep. 339, 419 (1974); A. Fletcher, *The Pestlur Case—Collateral Estoppel Effect of CCPA and TTAB Decisions—Actual Confusion as to Incontestability of Descriptive Marks*, 64 *Trade-Mark Rep.* 252, 257 (1974).

Trademark statutes prior to the Lanham Act treated the substantive law of trademarks as primarily a state law matter. In enacting the Lanham Act Congress intended to unify trade-

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mark law on a national basis. The Senate Committee Report on the Act stated:

> "There can be no doubt under the recent decisions of the Supreme Court of the constitutionality of a national act giving substantive as distinguished from merely procedural rights in trade-marks in commerce over which Congress has plenary power . . . a sound public policy requires that trade-marks should receive nationally the greatest protection that can be given." Sen. Rep. No. 1333, 79th Cong., 2d Sess. (1946), U. S. Code Cong. Serv 1946, p. 1277, reprinted in Robert, *supra* at 265, 269 (1947).

Callman indicates that the incontestability clauses are one of the most significant innovations in the Lanham Act and that they had a "vital effect upon the substantive law of trademarks." 4 Callman, *supra*, § 93.3(c)(1) at 598-99 (3d ed. 1970). In evaluating the incontestability clauses analytically, Callman states:

> "It would seem self-evident that there is no distinction between an incontestable, exclusive right and a property right, so that, in effect the Lanham Act implicitly demonstrates Congressional willingness to recognize the trademark as a property right. The exceptions to which this clause is subjected do not detract from this highly salutary result. They are nothing more than the usual limitations imposed upon every property right—the existence of its material foundation and the legality of its use." (Footnotes omitted.) *Id.* at 601.

Although Callman indicates that incontestability may lead to misuse "unless the incontestability privilege is counterbalanced or neutralized by judicial efforts to restrict the scope of protection accorded to marks that consist primarily of descriptive or otherwise defective matter," *id.*, and although he states the defensive/offensive rule, citing the *Morrell* line of cases, *id.* at 599, he also states: "When the right to use has become incontestable, the right to sue others for infringement is then fortified by a certificate of registration which is, under section 33(b) [15 U. S. C. § 1115(b)], conclusive evidence of the registrant's



exclusive right to use the mark." (Footnotes omitted.) *Id.* § 97.3(c)(3) at 605.

The most recent expression of this court on the effect of incontestability appears in *Burger King of Florida, Inc.* v. *Hoots*, 403 F. 2d 904 (7th Cir. 1968). The case involved cross suits for infringement for use of the name Burger King. Plaintiff's mark was incontestable. This court held that the incontestability of plaintiff's mark established conclusively plaintiff's exclusive right to use the mark. The defendant was allowed to continue to use the mark in a narrow geographic area because of its prior use in that area, a defense to incontestability under the statute. The panel was clearly aware of *Morrell* because it cited it on another point, and we note that, notwithstanding the defensive/offensive language in *Morrell*, not every court has viewed the case as holding that a plaintiff may not rely on incontestability in an infringement action.

In *Jockey International, Inc.* v. *Burkard*, 185 U. S. P. Q. 201 (S. D. Calif. 1975), the court held that the defendants in the suit for infringement could not raise any defense or defect not enumerated in § 1115(b) because plaintiff's mark had become incontestable. The court cited, *inter alia, Morrell* in support of this proposition. The Fifth Circuit clearly allows the use of incontestability in infringement actions. In *John R. Thompson Co.* v. *Holloway*, 366 F. 2d 108 (5th Cir. 1966), the court stated that although plaintiff's marks should have been refused registration if primarily a surname, this could not be raised as a defense because it was not one of the defenses enumerated under § 1115(b). Although *Rand McNally & Co.* v. *Christmas Club, supra*, is the apparent source of the defensive/offensive distinction, today the patent office appeals board apparently does not follow it. In *Seiler's Inc.* v. *Hickory Valley Farm Inc.*, 139 U. S. P. Q. 460 (T. T. A. B. 1963), it sustained an opposition brought by the holder of an incontestable mark on the grounds that its incontestable registration was conclusive of its exclusive right to use the mark.

In light of this authority, we hold that a plaintiff in an infringement action establishes conclusively, under § 1115(b), his exclusive right to use a trademark to the extent he shows his trademark has become incontestable under § 1065. Incontestability does not broaden a trademark in the sense that it allows a registrant to claim rights over a greater range of products than he would otherwise be entitled to claim; but once incontestability is established, registrant's mark is immune from challenge on any grounds not enumerated in § 1115(b). There is no defensive/offensive distinction in the statute, and we do no believe one should be judicially engrafted on to it. To the extent that *Morrell* holds that a plaintiff may not use the conclusive evidence rule of § 1115(b) in an infringement action and to the extent such a holding has not been overruled *sub silentio* by *Burger King*, we overrule it now. As stated earlier, it is not altogether clear that this is the holding of *Morrell*, but it has been so interpreted by other courts, including district courts within this circuit. J. McCarthy, *Trademarks and Unfair Competition*, § 11:17 (1973), summarizes the effect of incontestability in cases such as the present one:

> "But if a mark has become 'incontestable' . . . then lack of distinctiveness of such a mark cannot be raised in litigation. That is, it is conclusively presumed either that the mark is non-descriptive, or if so, has acquired secondary meaning. Defendant faced with an incontestable registered mark cannot defend by claiming that the mark is invalid because it is descriptive."

The district court in this case failed to consider incontestability. Plainly it was improper for the court to declare plaintiff's mark invalid even though it did not order the registration cancelled. This would be true even if the defensive/offensive distinction were viable. Plaintiff has established incontestability under § 1065, and defendants in the present appeal have not shown that any of the first six defenses enumerated in § 1115(b) are available to them. These findings establish the validity of plaintiff's mark and would be sufficient for us to proceed immediately to consider the district court's conclusions regarding likelihood of confusion. However, even if we were to assume arguendo that the incontestability status of the plaintiff's mark did not preclude attack by the defendant on validity in the present litigation, we would reach the same result with regard to the mark involved. Because of what we view as serious misconceptions of the law of this circuit in the district court opinion, we deem it advisable to address the merits issue as an alternative ground supporting the validity of the EVEREADY marks.[8]



### C. *Merits of Carbide's Trademark*

#### 1. Descriptiveness

In discussing the validity of the EVEREADY mark, the district court noted that the registration of a mark is " 'prima facie evidence' of (1) the validity of the registration, (2) the registrant's ownership of the mark and (3) the registrant's exclusive right to use the mark in commerce under the specified conditions and limitations of the registration." 392 F. Supp. at 285. Section 1115(a), regarding remedies such as actions for infringement, provides that a registration is admissible into evidence to establish registrant's rights on a prima facie basis but that an opposing party may prove any legal or equitable defense or defect which might have been asserted if the mark had not been registered. This is in contrast to a mark which has attained incontestable status, discussed *supra*.

A mark which is "merely descriptive" may not be registered, and a holding that Carbide's mark was merely descriptive would defeat its action for infringement. 15 U. S. C. § 1052. Nevertheless, since the patent office allowed the EVEREADY mark to be registered and proof of distinctiveness under § 1052(f)

8. Because of this panel's treatment of prior cases in part I. B., this opinion has been circulated to all judges of this court in regular active service; and no judge has voted to rehear this case *en banc*.

Judge Philip W. Tone has disqualified himself from any consideration of this case.

was not required, it must have concluded that the mark was not "merely descriptive." This essential premise must be considered prima facie correct by a court in considering the validity of a trademark, or the prima facie evidence rule would be rendered ineffective. It is unclear whether the district court accorded any weight to the patent office's conclusion that the EVEREADY mark was not descriptive.

Defendants rely on a statement in *John Morrell & Co.* v. *Reliable Packing Co., supra:* "[W]here descriptive words are used in the trademark, the assumption of validity can be easily overcome." 295 F. 2d at 316. Tnis statement was made in describing the holding in *Wilhartz* v. *Turco Products, Inc.*, 164 F. 2d 731 (7th Cir. 1947). In *Wilhartz* this court held that under the circumstances of that particular case, the presumption of validity was easily overcome. The circumstances were that the mark, "Auto Shampoo," had been refused registration twice and then registration was finally allowed after the representations that "Auto" suggested instantaneous action while "Shampoo" as used suggested foaming, bubbling action as a result of the application by a spray mechanism. The court found these representations were a hoax in light of testimony by the vice-president of the company that he had never heard of such claims until the trial and that the product could be used just as effectively without the spray mechanism. The statement in *Morrell* is not inaccurate, but it is perhaps unfortunate because it has caused some to overlook the necessity of according prima facie weight to the patent office's conclusion that particular words as applied to a particular product are not descriptive.

The district court concluded that "Carbide's mark EVEREADY is descriptive and within the purview of § 2(e) of the Lanham Act. 15 U. S. C. § 1052(e)." 392 F. Supp. at 288. In light of the statutory reference we shall treat this finding as being that the mark is *merely* descriptive. *But see Ex Parte Heatube Corporation*, 109 U. S. P. Q. 423, 424 (Comm. of Pat. 1956).



A mark is invalid if it is merely descriptive of the ingredients, qualities, or characteristics of an article of trade. *Warner & Co.* v. *Lilly & Co.*, 265 U. S. 526, 528, 44 S. Ct. 615, 68 L. Ed. 1161 (1924). Suggestive marks, however, have long been distinguished from descriptive ones. *Watkins Products, Inc.* v. *Sunway Fruit Products, Inc.*, 311 F. 2d 496 (7th Cir. 1962), *cert. denied*, 373 U. S. 904, 82 S. Ct. 1291, 10 L. Ed. 2d 199 (1963); *Independent Nail & Packing Co., Inc.* v. *Stronghold Screw Products Inc.*, 205 F. 2d 921 (7th Cir. 1953), *cert. denied*, 346 U. S. 886, 74 S. Ct. 138, 98 L. Ed. 391. Restatement of the Law of Torts § 721 Comment (a) (1938). They may be thought of as a middle ground between arbitrary or fanciful names and descriptive names. *E.g. General Shoe Corporation* v. *Rosen*, 111 F. 2d 95, 98 (4th Cir. 1940). The line between descriptive and suggestive marks is scarcely "pikestaff plain." Various tests have been used by courts to make the distinction. The district court, citing *General Shoe Corporation* v. *Rosen, supra; W. G. Reardon Laboratories, Inc.* v. *B & B Exterminators*, 71 F. 2d 515 (4th Cir. 1934); and *Stewart Paint Manufacturing Co.* v. *United Hardware Distributing Co.*, 253 F. 2d 568 (8th Cir. 1958), stated:

> "Suggestive terms 'suggest', but do not describe the qualities of a particular product. The distinction threatens to be one without a difference. Essentially, however, the common and ordinary meaning of the term to the public and the incongruous use of it as it relates to the product determine whether a term is suggestive." 392 F. Supp. at 286.

Another test which has been used and which was footnoted by the district court is whether competitors would be likely to need the terms used in the trademark in describing their products. See McCarthy, *supra*, § 11:21 at 391-92 (1973); Restatement of the Law of Torts § 721 Comment (a) (1938).

This court has not adopted a particular test for distinguishing between suggestive and descriptive marks. We disagree with the district court that it is a distinction without a difference, al-

though it is often a difficult distinction to draw and is, undoubtedly, often made on an intuitive basis rather than as the result of a logical analysis susceptible of articulation. This only emphasizes the need to give due respect to the determinations of the patent office if the distinction is to be drawn in a consistent manner. Perhaps the best statement of the distinction appears in A. Seidel, S. Dalroff, and E. Gonda, *Trademark Law and Practice* § 4.06 at 77 (1963):

> "Generally speaking, if the mark imparts information directly, it is descriptive. If it stands for an idea which requires some operation of the imagination to connect it with the goods, it is suggestive."

The information imparted may concern a characteristic, quality, or ingredient of the product. We do not believe this conflicts with this court's holding in *Independent Nail & Packing Co., Inc.* v. *Stronghold Screw Products, Inc., supra,* even though some language in the opinion arguably indicates the contrary. Incongruity is not essential for a mark to be suggestive, rather than descriptive; but incongruity is a strong indication of nondescriptiveness, and it is probably the unusual case where a mark will be suggestive but not descriptive where there is no incongruity. The more imagination that is required to associate a mark with a product the less likely the words used will be needed by competitors to describe their products.

In analyzing Carbide's mark, the district court noted the dictionary definitions of "ever" and "ready" and concluded: "Thus, the combination of 'ever' and 'ready' means constantly prepared or available for service." Dissecting marks often leads to error. Words which could not individually become a trademark may become one when taken together. *E.g., Application of Standard Elektrik,* 371 F. 2d 870, 54 CCPA 1043 (1967); *Food Fair Stores, Inc.* v. *Food Fair, Inc.,* 177 F. 2d 177 (1st Cir. 1949).

Were we considering de novo whether EVEREADY was descriptive, we might reach a different conclusion than the district court, but it is our opinion that the issue is close. In



*Independent Nail & Packing Co., Inc.* v. *Stronghold Screw Products, Inc., supra,* this court indicated it considered "Holeproof" as applied to stockings suggestive. The statement was made with reference to *Holeproof Hosiery Co.* v. *Wallach Bros.,* 172 F. 859 (2d Cir. 1909), although the court in that case did not pause to consider whether the mark was descriptive or suggestive but held that the mark had an established secondary meaning. The court in *Holeproof Hosiery* also discussed whether the mark was false and misleading. It held that no one would be misled because no one would be fatuous enough to believe the socks would never wear out. The mark EVEREADY is closely analogous as applied to batteries. It suggests the quality of long life, but no one in our society would be deceived into thinking that this type of battery would never wear out or that its shelf life was infinite. There is less incongruity with regard to flashlight bodies. Nevertheless, we need not decide whether the mark's reference is too direct for the mark to be considered nondescriptive or whether the district court's holding to that effect should be overruled because of what we consider overwhelming evidence in the record of secondary meaning.

2. Secondary Meaning

Secondary meaning need only be shown if a mark sought to be registered or sustained is found to be or is conceded to be descriptive. *Watkins Products, Inc.* v. *Sunway Fruit Products, Inc., supra.*

For purposes of this section we will assume arguendo the correctness of the finding of the district court that Carbide's mark is descriptive.

The history and policy behind the secondary meaning doctrine was well stated in *G & C Merriam Co.* v. *Saalfield,* 198 F. 369 (6th Cir. 1912), *cert. denied,* 243 U. S. 651, 37 S. Ct. 478, 61 L. Ed. 947 (1917):

> "It contemplates that a word or phrase originally, and in that sense primarily, incapable of exclusive appropria-

> tion with reference to an article on the market, because geographically or otherwise descriptive, might nevertheless have been used so long and so exclusively by one producer with reference to his article that, in that trade and to that branch of the purchasing public, the word or phrase had come to mean that the article was his product; in other words, had come to be, to them, his trade-mark. So it was said that the word had come to have a secondary meaning, although this phrase, 'secondary meaning,' seems not happily chosen, because, in the limited field, this new meaning is primary rather than secondary; that is is to say, it is, in that field, the natural meaning." *Id.* at 373.

To establish secondary meaning it is not necessary for the public to be aware of the name of the manufacturer from which a product emanates. It is sufficient if the public is aware that the product comes from a single, though anonymous, source. *Spangler Candy Co.* v. *Crystal Pure Candy Co.*, 353 F. 2d 641, 647 (7th Cir. 1965). It is easier to establish secondary meaning where the term used, while descriptive, is not generic. *W. E. Bassett Company* v. *Revlon, Inc.*, 435 F. 2d 656, 661 (2d Cir. 1970). *Cf. American Aloe Corporation* v. *Aloe Creme Laboratories, Inc.*, 420 F. 2d 1248 (7th Cir. 1970), *cert. denied*, 398 U. S. 929, 90 S. Ct. 1820, 26 L. Ed. 2d 91; *Aloe Creme Laboratories, Inc.* v. *Milsan, Inc.*, 423 F. 2d 845 (5th Cir. 1970), *cert. denied*, 398 U. S. 928, 90 S. Ct. 1818, 26 L. Ed. 2d 90.

We agree with the district court's summary of the factors relevant on the issue of secondary meaning: "The amount and manner of advertising, volume of sales, the length and manner of use, direct consumer testimony and consumer surveys." The district court also summarized the evidence in this case relating these factors to Carbide:

> "The evidence shows that Carbide and its predecessors have distributed and sold electrical products under the EVEREADY mark since 1909; that in 1915 10 million dry cell batteries marked EVEREADY alone were sold with an advertising cost of approximately $225,000; that



> Carbide's sales of electrical products under the EVEREADY mark from 1963 to 1973 exceeded $100,000,000 each year; that during the 1963-1973 period Carbide advertised in magazines and trade journals, on radio and television and through point of sale displays and that the cost of the 1963-67 advertising was $50,000,000." 392 F. Supp. at 288.

Advertising expenditures, of course, are a measure of the input by which a company attempts to establish a secondary meaning. In issue is the success of this effort. The chief inquiry is directed toward purchasers' attitudes toward a mark. *Carter-Wallace Inc.* v. *Procter & Gamble Co.*, 434 F. 2d 794, 802 (9th Cir. 1970). The public's attitude is more directly indicated by remarks of counsel for Ever-Ready. In his opening statement he said, "All right. We don't sell batteries, and that's what everybody thinks of when you mention the name EVEREADY." Later during the trial he made a similar remark.

Two surveys were taken in anticipation of this litigation. The district court discounted them on the issue of secondary meaning stating:

> "Carbide introduced two surveys in evidence on the issue of likelihood of confusion. The surveys, however, do not help on the secondary meaning issue. There is no apparent evaluation of the products which would form a basis for the acquisition of secondary meaning. Indeed, there is no showing that the interviewee had past experience with Carbide's products so as to establish brand awareness." (Footnote omitted.) 392 F. Supp. at 289.

We know of no doctrine which limits use of such evidence to the issue on which it was originally introduced. It was perhaps only initially introduced on the issue of likelihood of confusion due to uncertainty as to whether the validity of Carbide's mark was in issue, see part I. A., and confusion over whether incontestability prevented Ever-Ready from raising descriptiveness as a defense. We have held that this defense should not have been considered in part I. B. In each of the surveys an insig-

nificant number of persons named Carbide as the maker of defendants' products, but in excess of 50% of those interviewed associated Carbide products, such as batteries and flashlights, with defendants' mark. The only conclusion that can be drawn from these results is that an extremely significant portion of the population associates Carbide's products with a single anonymous source. The survey questions were not designed to establish secondary meaning; but once the issue of descriptiveness was improperly considered, the survey results could not be ignored.[9]

Additionally, we find it difficult to believe that anyone living in our society, which has daily familiarity with hundreds of battery-operated products, can be other than thoroughly acquainted with the EVEREADY mark. While perhaps not many know that Carbide is the manufacturer of EVEREADY products, few would have any doubt that the term was being utilized other than to indicate the single, though anonymous, source. A court should not play the ostrich with regard to such general public knowledge.

We hold that the district court's determination that there was inadequate evidence to find that EVEREADY had acquired a secondary meaning is clearly erroneous.

### D. Summary

Once Carbide's mark was established as incontestable, the district court should not have considered descriptiveness as a defense to plaintiff's suit. The only grounds upon which the validity of the mark could have been challenged were those enumerated in § 1115(b). Regardless of incontestability, plaintiff clearly established the validity of its mark on the basis of secondary meaning even if we were to accept the district court's conclusion that the mark is descriptive.

9. For a detailed discussion of the weight to be given the surveys, see part II, *infra*.



## II. Likelihood of Confusion

Section 1114, in relevant part, provides that any person who uses a mark in commerce which is likely to cause confusion with a registered mark shall be subject to the various remedies provided in the statute. A key issue in this case is whether it is likely that the public will be confused into believing that the products upon which the defendants' mark, Ever-Ready, appears emanate from the same source as products upon which plaintiff's mark, EVEREADY, appears.

In determining whether likelihood of confusion exists, courts consider such factors as the type of trademark in issue, the similarity of design, similarity of products, identity of retail outlets and purchasers, identity of advertising media utilized, defendant's intent, and actual confusion. *Roto-Rooter Corporation* v. *O'Neal*, 513 F. 2d 44, 45-46 (5th Cir. 1975). Survey evidence is often used because it is easier to obtain than evidence of actual confusion. Products need not be in direct competition for infringement to exist. *E.g., Continental Motors Corporation* v. *Continental Aviation Corporation*, 375 F. 2d 857, 861 (5th Cir. 1967). Of course, the more closely products are related the more likely sources may be confused. Nevertheless, the directness of competition is only one factor to be considered in determining likelihood of confusion. *Id.* A distinctive mark or name will be more broadly protected than words, such as "every ready," which have been registered and applied to a variety of products. *Philco Corporation* v. *F. & B. Manufacturing Co.*, 170 F. 2d 958, 961 (7th Cir. 1948), *cert. denied*, 336 U. S. 945, 69 S. Ct. 813, 93 L. Ed. 1102 (1949).

The district court found that the parties' marks were dissimilar. The conclusion was based "on the whole appearance" of the marks, and we would agree that when the marks are

placed side-by-side differences are readily apparent.[10] However, as the district court noted at an earlier point in its opinion, a side-by-side comparison of the marks is not the proper test. The test is the consumers' state of mind when faced with the marks individually. *G. D. Searle & Co.* v. *Chas. Pfizer & Co., Inc.*, 265 F. 2d 385, 388 (7th Cir. 1959), *cert. denied*, 361 U. S. 819, 80 S. Ct. 64, 4 L. Ed. 2d 65; *Independent Nail & Packing Co., Inc.* v. *Stronghold Screw Products, Inc., supra*, 205 F. 2d at 924. Courts have often held that small changes in words, such as adding or deleting a hyphen, are insufficient to distinguish marks. *E.g., Stix Products, Inc.* v. *United Merchants & Manufacturers, Inc.*, 295 F. Supp. 479 (S. D. N. Y. 1968). Indeed, the terms "EVEREADY" and EVER-READY" have been held to be "in legal contemplation identical." *Union Carbide Corporation* v. *Midwest Mower Corporation*, 132 U. S. P. Q. 689 (T. T. A. B. 1962). In *Independent Nail* the district court distinguished the parties' marks stating that the marks had no resemblance to each other beyond the use of the word "Stronghold." This court reversed stating: "The court apparently gave no weight to the fact that 'Stronghold' is the most prominent word in defendant's mark while 'Stronghold Nails' are the most prominent words appearing in plaintiff's mark." 205 F. 2d at 924. Consumers often do not retain a clear impression of the precise form in which a mark appears. This is not from carelessness but rather is due to the fallibility of the human memory. In *Spangler Candy* v. *Crystal Pure Candy Co., supra*, we indicated:

> "It is sufficient if one adopts a trade name or a trade mark so like another in form, spelling, or sound that one, with a not very definite or clear recollection as to the real trade-mark, is likely to become confused or misled." 353 F. 2d at 644.

10. The district court noted these differences:

"The EVEREADY mark as used has all letters capitalized. 'Ever-Ready' as used only as the 'E' and 'R' capitalized. Ever-Ready's mark consisted of two words. The marks are spelled differently. The EVEREADY mark appears in ascending and descending block letters and appears generally on a blue or red background, which is pentagonal or hexagonal in shape. 'Ever-Ready' is written in descending script on a black trapezoidal background." 392 F. Supp. at 291 n. 19.



*See also Stix Products Inc.* v. *United Merchants & Manufacturers Inc., supra.* We find no evidence of bad faith on the part of Ever-Ready, but the latecomer has a responsibility to avoid confusion.

Cases such as *Quaker Oats Co.* v. *General Mills, Inc.*, 134 F. 2d 429 (7th Cir. 1943), and *Southern Shell Fish Co., Inc.* v. *S. Felicione & Sons Fish Co., Inc.*, 108 U. S. P. Q. 289 (Comm. of Pat. 1956), do not conflict with the principles stated above. In *Quaker Oats*, this court held that the mark "Oaties" did not infringe General Mills marks, Wheaties, Kornies, and Maizies, in the light of substantially different package designs, a clear statement appearing on the box that the cereal was manufactured by Quaker Oats Co., and the name Quaker appearing at 20 places on the box. Quaker produced over 100 witnesses who testified they were not confused in contrast to a survey of 17 persons taken by General Mills which indicated they thought the cereal was made by the Wheaties Company. The court held that the test was whether Quaker had taken reasonable precautions to prevent confusion, and the court held that it had. We note that the words used in the marks in *Quaker Oats*, Wheaties and Oaties, were much less similar than EVEREADY and Ever-Ready. Also, there was a very close relationship between the mark Oaties and the product on which it appeared, a cereal made from oats.

In *Southern Shell Fish*, the assistant commissioner held in view of the fact that the Gulf area was important in connection with the packing of sea food and since the products in competition are normally sold on a self-service basis, and further in light of the visual differences of the packages, the similarity in sound of the marks, Gulf Taste and Gulf Kist was not sufficient to cause likelihood of confusion. It would appear that buyers would be

much more likely to associate the product with the geographical area of the Gulf than with a particular company. That situation does not exist in the present case. Also, we note that once again the words used in the marks are not as similar as those involved in the present case.

This court has held that likelihood of confusion is a question of fact subject to the clearly erroneous rule. *Watkins Products, Inc.* v. *Sunway Fruits Products, Inc., supra,* 311 F. 2d at 499. Nevertheless, to the extent the determination is predicated upon the similarity of the marks themselves, it is a mixed question of law and fact with this court being in as good a position as the trial judge to determine the probability of confusion. *Harold F. Ritchie* v. *Chesebrough-Pond's, Inc.,* 281 F. 2d 755 (2d Cir. 1960). *See J. B. Williams Company, Inc.* v. *LeConte Cosmetics, Inc.,* 523 F. 2d 187 (9th Cir. 1975). We hold that the trial court erred in holding that the marks of the plaintiff and defendant were dissimilar in the contemplation of the law. The court did not err in considering the mark as a whole but failed to give sufficient weight to the predominant feature of the marks, the words "ever ready."

The district court rejected all the evidence of actual confusion presented by Carbide as not being entitled to weight. Since the test under § 1114 is likelihood of confusion, courts have often held that it is unnecessary to show actual confusion. *E.g., Watkins Products, Inc.* v. *Sunway Fruit Products, Inc., supra; Independent Nail & Packing Co., Inc.* v. *Stronghold Screw Products, Inc., supra.* Nevertheless, courts often view evidence of actual confusion as the best evidence of likelihood of confusion, though isolated instances of actual confusion or misdirected mail have been held insufficient to sustain a finding of likelihood of confusion. *Compare, e.g., Spangler Candy Co.* v. *Crystal Pure Candy Co., supra,* 353 F. 2d at 644; *Roto-Rooter Corporation* v. *O'Neal, supra,* 513 F. 2d at 45-46 *with Sunbeam Lighting Co.,* v. *Sunbeam Corporation,* 183 F. 2d 969, 974 (9th Cir. 1950), *cert. denied,* 340 U. S. 920, 71 S. Ct. 357, 95 L. Ed.



665 (1951); *Everest & Jennings, Inc.* v. *E & J Manufacturing Co.,* 263 F. 2d 254, 260 (9th Cir. 1958), *cert. denied,* 360 U. S. 902, 79 S. Ct. 1284, 3 L. Ed. 2d 1254 (1959). The value of evidence of actual confusion is greater when the products involved are low value items because purchasers are unlikely to complain when dissatisfied, which would bring to light confusion; but rather they are likely simply to avoid all products produced by the company which they believe produced the product which caused them trouble.

Carbide presented three instances of actual confusion to the trial court. The first was a letter of complaint concerning a bulb which was initially sent to "Ever-Ready, Inc.; Chicago, Illinois 60607," the address which appears on Ever-Ready's miniature bulb blister packs. The letter was returned for insufficient address. She then mailed the letter to Carbide in New York. Concernings this evidence the district court stated:

> "This incident does not prove that Mrs. Kaplan was confused. Initially she knew from whom she purchased the defective product since she addressed the letter to Ever-Ready in Chicago. Indeed, she gave the exact address which appears on Ever-Ready's miniature bulb blister packs. At the least, this incident shows that Mrs. Kaplan did not identify Carbide as the source of the product." Footnote omitted.) 392 F. Supp. at 290.

We disagree, finding a more reasonable inference is that she first obtained the address from the blister pack and then when the letter was returned as having an insufficient address she found a more complete address from some other source for what she thought was the one company using the combination of the words "ever" and "ready" for bulbs, batteries, and similar products. She need not have known Carbide by name for confusion to have been demonstrated. Finally in the absence of knowledge by the consuming public of the defendant as a marketing entity, it is clear that her reference in her letter to "your fine reputation" did not refer to anyone other than Carbide.

The second instance occurred when Carbide's then Chicago counsel sent his secretary, Mr. Bailis, to purchase EVEREADY high-intensity miniature lamp bulbs. In this court it is disputed whether he knew Carbide did not sell bulbs so denominated; but the district court held that he did, and this finding is not clearly erroneous. Mrs. Bailis went to Marshall Field & Co., and the sales clerk showed her Ever-Ready bulbs and assured her that the bulbs were made by Carbide. Regarding this evidence the district court stated:

> "The sales clerk's confusion is not entitled to any weight. Obviously the desire to make a sale influenced her actions. At least, it is impossible to distinguish between her alleged confusion and her desire to make a sale. Moreover, evidence of this type, manufactured by a party after a complaint has been filed, is suspect." 392 F. Supp. at 291.

This court upheld the district court's finding of no likelihood of confusion in the face of a similar attempt to manufacture evidence in *Philco Corporation* v. *F. &B. Manufacturing Co., supra,* 170 F. 2d at 961, though the evidence in that case was less clear because the court believed that the sales clerk recognized the purchaser's mistake and substituted the product which the purchaser was apparently seeking whereas in this case the sales clerk made a specific representation that the goods were manufactured by Carbide. If the court meant to indicate that confusion by sales clerks is never probative, we disagree. Although we have great difficulty conceiving that a clerk's anxiety to make this small-dollar sale would prompt a deliberate and knowledgeable misrepresentation, if we assume that the clerk was not confused, the evidence is nevertheless relevant because it is unfair competition for a person to put a product into a dealer's hands which a producer can reasonable anticipate may be easily passed off as the goods of another. *Stewart Paint Manufacturing Co.* v. *United Hardware Distributing Co., supra,* 253 F. 2d at 575. *See Warner & Co.* v. *Lilly & Co., supra.* Assuming the clerk was confused, this gives rise to an inference that purchasers



would also be confused because salespersons are more likely than customers to be familiar with various marks on the merchandise they sell and hence are less likely to be confused. *Jockey International, Inc.* v. *Burkard, supra,* 185 U. S. P. Q. at 205; *Stix Products, Inc.* v. *United Merchants & Manufactuers Inc., supra,* 295 F. Supp. at 495 n. 56. *See Aloe Creme Laboratories, Inc.* v. *Milson, Inc., supra,* 423 F. 2d at 850.

The third incident involved testimony by a Mrs. Lonczak and her daughter from New Jersey who wrote a letter to Carbide protesting the poor quality of an Ever-Ready bulb. The court attributed this to carelessness in examining the marks and ignoring the Chicago address appearing on the blister packet. Mrs. Lonczak initially called telephone information service to obtain Ever-Ready's address. She apparently viewed the address given on the blister packet as inadequate but did call Chicago and asked for the address of the "EVEREADY battery people." Upon finding there were several "Ever Readys" listed, she called the store where she had purchased the bulbs, explained the problem with the bulbs, and asked for an address to which to send a letter of complaint. She was given Carbide's address. The district court states that there is no evidence that Mrs. Lonczak correctly identified the product to the store so as to enable it to identify Ever-Ready as the product's source. Presumably this is a reference to the difficulty in aurally distinguishing EVEREADY from Ever-Ready, and Mrs. Lonczak testified that she told the store that she was the person who had been complaining about the "EVEREADY" bulbs so it is possible, if she was talking to someone unfamiliar with her complaints, that the sales person thought she was referring to flashlight bulbs. The district court states that at most this evidences the store's confusion. The district court also states that "Mrs. Lonczak did not examine the 'Ever-Ready' mark on the miniature bulbs until after she was contacted by Carbide's counsel." 392 F. Supp. at 291. The testimony shows that while Carbide's counsel was interviewing Mrs. Lonczak her husband got an

EVEREADY battery from a flashlight, and they noticed the difference between the marks while comparing them.

We find the testimony of Mrs. Lonczak and her daughter probative of their confusion. We do not discredit the sales person's confusion because he was a sales person but rather because he was told of the product and the product is normally bought on a self-service basis—by sight. At least the district court's conclusion in this regard is not clearly erroneous. On the other hand, Mrs. Lonczak's testimony is clear that she thought the bulb was put out by the EVEREADY battery people when she purchased it, and her daughter's testimony is clear that she thought it was put out by the same company that put out batteries and flashlights from the time her mother gave her the bulbs. This is supported by her testimony that when she called information she asked for the address of the EVEREADY battery people. Her testimony cannot be discredited because she did not make an exacting examination of the Ever-Ready mark or did not compare it with a product of Carbide containing the EVEREADY mark. As we have indicated above, a side-by-side comparison is not the test of likelihood of confusion.

A district judge's determination of evidentiary matters is entitled to great respect. Though we disagree with the district judge on the above points, we would hesitate to find his determination that Carbide failed to establish likelihood of confusion was clearly erroneous were it not for the survey evidence presented at trial.

Two surveys were taken by an expert in the field of market research and public opinion surveys. One was taken to establish likelihood of confusion between Ever-Ready lamps and Carbide's products; one was taken to determine likelihood of confusion between Ever-Ready bulbs and Carbide's products. Relevant facts concerning the surveys follow:[11]

11. Question 1 in each survey was a screening question designed to eliminate persons involved in the bulb or lamp industries.



| | *Lamps Survey* | *Bulb Survey* |
|---|---|---|
| Questions | | |
| | 2) Who do you think puts out the lamp shown here? | 2) Who do you think puts out these mini-bulbs? |
| | 3) What makes you think so? | 3) What makes you think so? |
| | 4) Please name any other products put out by the same concern which puts out the lamp shown here. | 4a) Have you seen or heard of any advertising by the concern which you think puts out these mini-bulbs? |
| | | 4b) Please specify where, what type and features you re-call. |
| | | 5) Please name any other products put out by the same concern which you think puts out these mini-bulbs. |
| | A picture of an Ever-Ready lamp was shown to each person being interviewed. | A blister pack of Ever-Ready bulbs was shown to each person being interviewed. |
| Number Interviewed | 1009 | 1014 |
| Results: | Lamp Survey | Bulb Survey |
| Number who associated the products displayed with Union Carbide | | |
| a) by answering Union Carbide | 6 (.6%) | 13 (1.3%) |
| b) by indicating Carbide products, such as batteries, as being put out by the same concern | 551 (54.6%) | 545 (53.7%) |
| Subtotals | 557 (55.2%) | 558 (55.0%) |
| c) associated blister packet with Carbide's advertising | — | 57 (5.6%) |
| Totals | 557 (55.2%) | 615 (60.6%) |

We note these percentages are substantially higher than those held sufficient in other cases to support in part an inference that confusion is likely. *Jockey International, Inc.* v. *Burkard, supra,* (11.4%); *Seven-Up Company* v. *Green Mill Beverage Co.,* 191 F. Supp. 32 (N. D. Ill. 1961), (25%); *Humble Oil & Refining Co.* v. *American Oil Co.,* 259 F. Supp. 559 (E. D. Mo. 1966), (18%); *Simoniz Co.* v. *Stumpmier,* 117 U. S. P. Q. 130 (E. D. Ill. 1957), (18%, 24%).

Prior to trial the survey questions were presented to Judge Tone, then a district judge, along with memoranda and arguments. He ruled the survey results would be admissible at trial but reserved the question of the weight to be given the survey evidence. In light of the cost of taking a survey, this was a commendable procedure to follow where parties cannot agree on survey questions. However, we also observe that desirable procedure would be for the parties to attempt in good faith to agree upon the questions to be in such a survey.

The district court found the surveys were entitled "to little, if any, weight." It based this holding on *General Motors Corporation* v. *Cadillac Marine & Boat Co.,* 226 F. Supp. 716 (W. D. Mich. 1964); the testimony of Thomas Fitzpatrick, plaintiff's expert; and certain statistical correlations.

In *Cadillac* the plaintiff introduced survey results which the court refused to credit. The purpose of the survey was to establish likelihood of confusion, and the questions were similar to those in the present case.[12] However, the mechanics of the Cadillac survey were sloppy. The sample was of only about 150 persons. Many had no knowledge of boats and were not "purchasers." The questioning was conducted by two college students, and the tabulations were held to be "neither accurate nor truly reflective." The court held the second question to be a "classic example of a leading question." *Id.* at 736. Why this characterization was justified is not clearly explained,

12. "(1) Who do you think puts out the boats shown on the opposite page; and (2) Will you please name anything else that you think is put out by the same concern?" 226 F. Supp. at 734 n. 16.



but the court did state: "The question directed an opinion to those who had formed none on the first inquiry." *Id.*[13]

In other cases, very similar surveys have been held to be of probative value. In *Sperry Rand Corporation* v. *Seawol Distributors, Inc.,* 140 U. S. P. Q. 532 (S. D. Cal. 1964), the court held a similar survey competent evidence which confirmed the independent judgment of that court. In *Standard Oil Co.* v. *Standard Oil Co.,* 141 F. Supp. 876 (D. Wy. 1956), *aff'd,* 252 F. 2d 65 (10th Cir. 1958), the district court relied in part upon a survey in which persons were asked what their reactions were to the word Sohio. In affirming, the appellate court approved the use of the survey by the district court.[14] 252 F. 2d at 74-75. *See also Girl Scouts of United States* v. *Hollingsworth,* 188 F. Supp. 707 (E. D. N. Y. 1960).

On cross-examination Thomas Fitzpatrick, plaintiff's expert who prepared and supervised the surveys testified:

> "Q. Well, would you go so far as to say that the survey there conducted in the Cadillac case was not probative, or did not tend to show likelihood of confusion as to the source of origin of the Cadillac boats?
>
> "A. I would say that it was a leading questionnaire.
>
> "Q. And, therefore, slanted?
>
> "A. Yes.

13. While scarcely illuminating on the effiicacy of the survey utilized in *Cadillac,* there may be some aspects of *ratio decidendi* in the district court's observation: "General Motors should not be permitted to reach out its strong, choking, monopolistic hand to strangulate industries or free enterprises located within the City of Cadillac, Michigan." *Id.* at 741.

14. The questions asked in *Standard Oil* are not reproduced in the published opinions but are part of the record on this appeal. The questions were:

> "1. If you were to stop at a service station in Michigan, displaying the name SOHIO as shown here, what oil company would you think put out the gas and oil sold there?
>
> "2. What is there about the name that suggests that particular oil company to you?
>
> "3. Please name any well-known brands or trade names used by that oil company for its gas or oil."

"Q. And, therefore, likely to lead to bias?
"A. Possibly, yes.
"Q. And, therefore, likely to lead to error?
"A. Correct."

On re-direct examination he testified that the sample size in the Cadillac survey was inadequate but that the questions were not leading and that on direct examination, when he testified to the contrary, he thought he was being asked what the judge thought in the Cadillac case. The re-direct examination took place after a recess; defendant implies that Fitzpatrick may have changed his testimony as a result of a conference with Carbide's attorneys. The district court neither specifically credited nor discredited this testimony, but it ignored it.

The district court noted that approximately 600 of the interviewees in the bulb survey (59.1%) responded "ever ready" to Question 2 "because it says so on the pack." He also noted that of the 176 who indicated a specific source of the product in response to this question approximately 90% identified someone other than Carbide.[15] There is no dispute that the answers to these first questions do not, alone, establish confusion.

The district court attached significance to the statistics which show that in the bulb survey 179 interviewees responded initially, "I don't know" to Questions 2 and 3 but of these 48 responded batteries or flashlights to the final question. These 48 were counted as cases of confusion. Finally, the court found the advertising question in the bulb survey improper because Ever-Ready does not advertise its mini-bulbs while Carbide does substantial advertising. While there is uncontradicted evidence that Ever-Ready bulbs have been advertised at least to a limited extent by dealers, we cannot hold the district court clearly erroneous for treating this advertising as insignificant in light of

15. Defendants similarly argue: "635 properly stated that the product was put out by 'Ever-Ready because it says so.' 179 answered 'I don't know.' 140 named G. E. or some other firm. 23 positively identified defendant as 'Ever-Ready, Chicago.' Thus a total of 977 or 97% were not confused."



the extreme disproportion between Ever-Ready's advertising and Carbide's.

We do, however, hold the district court clearly erroneous in not crediting the surveys taken by Carbide. That the first questions alone do not show likelihood of confusion is significant. They only show the interviewees do not associate the Ever-Ready name with Carbide. The test, as discussed *supra*, is whether they associate the products either with Carbide *or* with the single, though anonymous, source which manufactures EVEREADY products. Those who indicated that they believed other Carbide products were manufactured by the same company that produced the bulbs or lamps shown must be considered cases of confusion. The statistics regarding those who initially answered, "I don't know," though arguably consistent with the latter questions being leading, are also consistent with confusion resulting from an anonymous source. The questions on their face are not leading. Apparently the argument that they are leading is based on the likelihood that the first questions will provoke the response, "ever ready," and then the interviewee will be more likely to confuse the product because the marks are aurally identical while there are visual differences. This is not a case where the interviewer stated the similar parts of the plaintiff's name several times in questions and then asked about the defendant company. *Cf. Sears, Roebuck & Co.* v. *All States Life Insurance Co.*, 246 F. 2d 161 (5th Cir. 1957), *cert. denied*, 355 U. S. 894, 78 S. Ct. 268, 2 L. Ed. 2d 192. The surveys in this case do not share many of the weaknesses of the one in *Cadillac*. There was clear testimony that the sample size was sufficient, and that is not disputed. The survey was taken by professionals, who were stipulated to be qualified experts. The survey was directed to the relevant universe. Almost anyone would be likely to have purchased bulbs, lamps, batteries or flashlights. Thus a survey of the general population was appropriate. The general population is not equally interested in boats. A survey is more helpful where low value items are in-

volved, rather than high value items, because purchasers of high value items are likely to study the product they are purchasing more carefully than the purchaser of a low value item. We do not, of course, mean to indicate that a survey could not be probative where high value items are in issue, an issue not before this court. *See Grotrian* v. *Steinway & Sons*, 365 F. Supp. 707, 715-17 (S. D. N. Y. 1973), *aff'd in relevant part*, 523 F. 2d 1331, 1339-42 (2d Cir. 1975).

We cannot hold the district court's determination that the advertising question was improper was clearly erroneous in light of the finding that Ever-Ready's advertising was insignificant compared to Carbide's. Fitzpatrick eliminated the advertising question from the lamp survey upon learning that it was not advertised. Since the only advertising the question was likely to call to mind was Carbide's, the responses indicating Carbide's advertisements cannot be counted as cases of confusion. Whether the presence of the question biased the survey results is a separate question. Carbide argues that a comparison of the results of the lamp survey (55.2% confused), which did not contain an advertising question, with the results of the bulb survey without considering the 57 respondents who were considered confused because they associated the bulbs with Carbide's advertising (55.0% confused) shows that the results were not biased. This argument carries some weight, but it is far from conclusive because it appears that those who associated both Carbide's advertising and Carbide's products with the bulbs were tabulated as cases of confusion by reason of having associated the products with the bulbs. Thus a person who might not have been confused if only asked about the products might have been reminded of EVEREADY advertising and then associated the advertising with other EVEREADY products. This weakens the probative value of the bulb survey. Nevertheless, we believe the likelihood of substantial bias as a result of the advertising question is small.

Taking into account all the above factors, we hold the district court clearly erroneous in finding no likelihood of con-



fusion. The predominant feature of the marks are the words "ever ready." The visual differences are not so substantial that they are likely to overcome the effect of this similarity when the marks are not side-by-side. The lamp survey showed substantial likelihood of confusion. The percentage of the interviewees confused was far in excess of the percentages which have been held sufficient to establish likelihood of confusion. Though the bulb survey cannot be credited to the extent of the lamp survey, we believe likelihood of confusion regarding the bulbs was also shown. There was evidence of actual confusion regarding the bulbs. The design of the Ever-Ready mark appearing on the bulbs is similar to that appearing on the lamp so its results tend to show the bulbs would be confused also. We do not believe the bias in the bulb survey was likely to be sufficiently great so as to reduce to insignificance the extremely high percentage of confusion shown by the survey.

## III. Laches

Ever-Ready argued in the district court that even if it is infringing Carbide's mark, it should not be enjoined because Carbide is barred by laches. The essence of the argument was that Ever-Ready distributed products for Carbide about 1952 and therefore Carbide clearly knew of the company for many years. Prior to 1971, Ever-Ready did not market the electrical products involved in this case under its own name. It still markets many products under other names, including such products as flashlights (Femlite; Lumi*jet*). In the trade Ever-Ready has used its own name in marketing these products, but there is no evidence that this resulted in confusion. In 1971, Ever-Ready began marketing the products involved in this case. Carbide filed its complaint on December 30, 1971. The time lapse is insufficient to establish laches on the facts of this case. In any event, the issue of laches was not urged on this appeal and may be considered as having been waived.

## IV. Antitrust Issues

As noted hereinbefore, the antitrust issues raised as an affirmative defense by the defendants were severed for separate trial pursuant to Fed R. Civ. P. 42(b) and are not involved in this appeal.

In their amended answer, the primary thrust of the defendants' antitrust contentions is directed toward 15 U. S. C. § 1115(b)(7), which relates only to one of the seven specified defenses to incontestability of plaintiff's trademarks. In this opinion, we have alternatively determined validity of the trademarks irrespective of the Lanham Act which arguably would appear to preclude any further viability to the antitrust defense. However, a fair reading of the antitrust affirmative defense would indicate that it is sufficiently broad as to include a claim for equitable denial of enforcement of the trademarks on the basis of their claimed use in violation of the antitrust laws aside from the specific defense to incontestability. In *Stiftung* v. *V. E. B. Carl Zeiss, Jena,* 298 F. Supp. 1309, 1314 (S. D. N. Y. 1969), *aff'd. on the point in issue,* 433 F. 2d 686, 706 (2nd Cir. 1970), *cert. denied,* 403 U. S. 905, 91 S. Ct. 2205, 29 L. Ed. 2d 680 (1971), Judge Mansfield, then of the district bench, reached the conclusion that although the issue was not free from doubt, "a court, in the exercise of its equity powers, may deny enforcement of a trademark on the part of one who has used that trademark in violation of the antitrust laws." We agree but we also agree with Judge Mansfield's opinion that the burden of such proof is a heavy one on the proponent of the issue and that the forces favoring the defense are much weaker than in patent cases which involve by their very nature a monopoly situation. Nevertheless, in view of the posture of this case as it has reached us, we will not deny the defendants the opportunity to take up the burden of proof.



## V. Relief

The judgment of the district court is reversed and the case is remanded for further proceedings not inconsistent with this opinion. In the event of a failure by the defendants upon further proceedings to sustain their antitrust affirmative defenses, the district court will enter an appropriate injunction. In so doing, the court will have to determine whether Ever-Ready should be barred from using its name *in the trade* in connection with electrical products such as mini-bulbs and lamps. We also leave to the district court's discretion in the event the plaintiff ultimately prevails whether to grant the remedy of delivering up articles on which the mark appears sought by Carbide under § 1118. All further proceedings in this cause shall be reassigned to another judge pursuant to Circuit Rule 23.

Since all the relief plaintiff seeks may be granted under the federal act, we need not address plaintiff's state law unfair competition and dilution claims.

The judgment of this court will assess costs of this appeal against the defendants.

REVERSED AND REMANDED.

UNITED STATES DISTRICT COURT,
N. D. Illinois, E. D.
Feb. 18, 1975.

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UNION CARBIDE CORPORATION, a corporation,
*Plaintiff.*

*vs.*

EVER-READY INCORPORATED, a corporation, and Mark Gilbert, an Individual,
*Defendants.*

No. 71 C 3151.

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## MEMORANDUM OPINION.

MARSHALL, *District Judge.*

This is an action for trademark infringement and unfair competition brought by the plaintiff, Union Carbide Corporation (hereafter "Carbide"), pursuant to the Lanham Act, 15 U. S. C. § 1051 et seq., and the Illinois Trademark Act. Ill. Rev. Stat. 1973, ch. 140, § 8 et seq.[1] Jurisdiction is founded upon 15 U. S. C. § 1121 and 28 U. S. C. §§ 1332 and 1338.

The defendants Ever-Ready Incorporated, by change of name Ever-Ready International Ltd. (hereafter "Ever-Ready"), and Mark Gilbert (hereafter "Gilbert"), have asserted the affirmative defenses of laches and misuse of trademark in violation of the anti-trust laws. Prior to trial, the anti-trust misuse issues

1. Appended to Carbide's primary trademark infringement and unfair competition claims is a dilution claim brought pursuant to the Illinois Trademark Act, Ill. Rev. Stat. 1973, ch. 140, § 22, which provides for injunctive relief to protect against "dilution of the distinctive quality of the mark."



were severed pursuant to Rule 42(b) of the Federal Rules of Civil Procedure. Consequently, presently ready for decision are the issues of trademark infringement, unfair competition and laches.

Carbide is a New York corporation authorized to do business in Illinois with its principal place of business in New York. Ever-Ready is an Illinois corporation having its principal place of business in Chicago. Gilbert, a resident of Illinois, is the President, a Director and the General Manager of Ever-Ready. The matter in controversy, exclusive of interest and costs, exceeds the sum of $10,000.

In 1898 Carbide's predecessor, American Electrical Novelty and Manufacturing Company (hereafter "AEN&M") adopted the term EVER READY as a means of distinguishing its electrical appliance products from the products of others. In July, 1901, AEN&M originated and adopted as a trademark a device which included a monogram consisting of the letters "E" and "R", the word EVEREADY and the words THE FAMOUS EVER READY BATTERY.

On April 7, 1909, the corporate name of AEN&M was changed to American Ever Ready Company. The business, property and assets of American Ever Ready Company, including its trademarks, trade names and goodwill, were assigned and transferred in 1914 to Carbide's predecessor, the National Carbon Company.

Carbide and its predecessors have been engaged continuously since 1909 in manufacturing, distributing and selling throughout the United States batteries, flashlights and miniature lamp bulbs under the trademark EVEREADY, alone and in combination with other words and distinctive designs, including octagonal and hexagonal devices. Today Carbide is the owner of five United States trademark registrations of the trademark EVEREADY. Each trademark is in full force and effect, and affidavits for each have been filed pursuant to 15 U. S. C. §§ 1058 and 1065.

Presently, Carbide is selling under its trademark EVEREADY electric flashlights, miniature bulbs for automobile and marine use only and an extensive line of electric batteries.

Since 1966, Carbide's annual sales of flashlights, batteries, miniature bulbs and related products under its trademark EVEREADY, have exceeded $100 million. In addition, Carbide has advertised extensively throughout the years its batteries, flashlights and miniature bulbs under its trademark EVEREADY in magazines and on other periodicals, on radio and television and through point of sale displays. Its advertising has featured inter alia, dramatizations of the dependability, durability and long-lasting qualities of Carbide's products sold under its trademark EVEREADY. Carbide's total expenditures for advertising and promoting the sales of its products under the trademark EVEREADY from 1943 to 1974 exceed $50 million.

Defendant Gilbert began doing business in 1944 as Ever-Ready Florescent Company. In 1946, he and his wife formed a partnership called Ever-Ready Electric Company, the business of which was to distribute electrical products and gift goods. Ever-Ready was incorporated as an Illinois corporation on February 25, 1952 under the name Ever-Ready Electric Supply Company and succeeded to the business of Ever-Ready Electric Company. Thereafter, the name Ever-Ready Electric Supply Company was changed to Ever-Ready, Incorporated, in 1955, and to Ever-Ready International, Ltd., in 1972.

Essentially, Ever-Ready is an importer and distributor of electrical supplies, stationery, gift items and accessories including lamps, light bulbs, light fixtures and flashlights. It conducts business under the trade name "Ever-Ready" alone and in combination with a logo design.

Ever-Ready imports from Japan miniature lamp bulbs having the term "Ever-Ready" stamped on their base. Thereafter, Ever-Ready sells the miniature lamp bulbs at wholesale for resale by retailers. The bulbs are sold in blister packages. Each blister



pack, intended to be displayed by retailers at the point of sale, contains two bulbs and displays the term "Ever-Ready" in a four-sided logo, the words "high intensity minibulbs" and the legend, "(C) 1970 Ever-Ready, Inc., Chicago, Illinois 60607."

Ever-Ready imports high-intensity lamps manufactured in Japan bearing the term "Ever-Ready" stamped on the lamps or on removable labels attached thereto and desk lamps manufactured in Denmark with tags bearing the term "Ever-Ready" attached thereto. The desk lamps are sold with literature having the term "Ever-Ready" displayed thereon and with guarantee cards addressed to Ever-Ready Service Center. Appearing on all the lamps sold by Ever-Ready, however, is the name of the manufacturer.

Carbide seeks an injunction against Ever-Ready's use of the term "Ever-Ready" on and in connection with the advertising, offering for sale and sale of electrical products. Carbide also requests that Ever-Ready be required to deliver up to it the packaging and promotional material bearing the alleged infringing words and symbols.[2]

## I. TRADEMARK INFRINGEMENT.

Section 32(1)(a) of the Lanham Act provides:

> "(1) Any person who shall, without consent of the [trademark] registrant—
>
> > "(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake or to deceive . . .
>
> shall be liable in a civil action by the [trademark] registrant. . . ." 15 U. S. C. § 1114(1)(a).

2. Carbide does not seek damages or an accounting of Ever-Ready's profits.

Section 45 of the Act defines "colorable imitation" as:

> ". . . any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive." 15 U. S. C. § 1127.

The gravamina of an action for federal trademark infringement are (1) that the trademark owner owns a currently valid federal trademark registration for his mark and (2) that the infringer uses a mark likely to cause confusion, mistake or to deceive in interstate commerce. In the present case the parties have stipulated that Carbide is the owner of the mark EVEREADY[3] and the evidence shows that Ever-Ready uses the term "Ever-Ready" in interstate commerce. Consequently, the validity of Carbide's mark and the likelihood of confusion caused by Ever-Ready mark are the remaining issues to be resolved on the trademark infringement question.

## A. VALIDITY

*Presumption of Validity*. Under Section 7(b) of the Lanham Act, 15 U. S. C. § 1057(b), registration of a mark is "prima facies evidence" of (1) the validity of the registration, (2) the registrant's ownership of the mark and (3) the registrant's exclusive right to use the mark in commerce under the specified conditions and limitations of the registration. Thus, registration of a mark creates a presumption of validity, which is entitled to considerable weight. Miss Universe, Inc. v. Patricelli, 408 F. 2d 506, 509 (2d Cir. 1969). The presumption of the trademark's validity, however, is rebuttable, with the burden on the party attacking the mark or its registration. Schwinn Bicycle Co. v. Murray Ohio Mfg. Co., 470 F. 2d 975, 977 (6th Cir. 1972).

Here there is no dispute that Carbide registered its mark EVEREADY. Consequently, Carbide's mark is presumed valid.

*Descriptive Term*. Section 2(e) of the Lanham Act, 15 U. S. C. § 1052(e) provides in material part:

3. Stipulation of Uncontested Facts, ¶ 6.



> "No trade-mark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—
>
> * * * * *
>
> "(e) Consists of a mark which, (1) when applied to the goods of the applicant is merely descriptive of them . . ."

Succinctly, descriptive terms are not subject to trademark protection.[4] Clearly, then, where descriptive terms are used, the presumption of validity is rebutted. Shaw-Barton, Inc. v. John Baumgarth Co., 313 F. 2d 167 (7th Cir. 1963); John Morrell & Co. v. Reliable Packing Co., 295 F. 2d 314 (7th Cir. 1961).

Ever-Ready argues that Carbide's mark is descriptive only of the products to which it is attached and hence, is not protected by the trademark laws.

The nature of the term, the common and ordinary meaning of the term to the public and the relationship the term bears to the particular product determine whether the terms is descriptive. If the term conveys to the public the characteristics, quality, functions or other attributes of a product, it is descriptive. Warner & Co. v. Eli Lilly & Co., 265 U. S. 526, 44 S. Ct. 615, 68 L. Ed. 1161 (1924); Flexitized, Inc. v. National Flexitized Corp., 335 F. 2d 774 (2d Cir. 1964). Terms which describe the desirable aspects of a product, how a product functions or what the product looks like are descriptive. Quaker State Oil Refining Corp. v. Quaker Oil Corp., 453 F. 2d 1296 (CCPA, 1972) (the term SUPER BLEND held descriptive of multi-viscosity oils, because the conclusion is inescapable that the product is an allegedly superior blend of oils); Ralston Purina Co. v. Thomas J. Lipton, Inc., 341 F. Supp. 129 (S. D. N. Y.

4. Since descriptive terms describe merely the goods to which they are attached, they do not perform the essential trademark function of identifying the source of the goods and distinguishing them from the goods of others. Hence, the statutory exclusion. Ar-type, Inc. v. Zappulla, 228 F. 2d 695 (2d Cir. 1956).

1972) (the term Tender Vittles only a descriptive term because the unique characteristic of the product [cat food] and the quality which sets it apart from other non-canned cat foods is that characteristic which is conveyed by the words "tender vittles"); S. M. Flickinger Co. v. Beatrice Foods Co., 174 U. S. P. Q. 51 (T. T. A. B. 1972) (the term SUPER DUPER entitled only to a limited protection since it is a commonly used expression which signifies great excellence, size or the like).

Here Carbide and Ever-Ready sell a number of electrical products. Batteries, flashlights, lamps and miniature bulbs are among the products sold by either Carbide or Ever-Ready. The mark at issue consists of two words "ever" and "ready". According to The American Heritage Dictionary of the English Language (1969), the primary meaning of the word "ever" is: "at all times; constantly, repeatedly." The same dictionary defines the word "ready" as "prepared or available for service or action." Thus, the combination of "ever" and "ready" means constantly prepared or available for service. Those words as they relate to the products sold by the parties describe a characteristic or attribute of the products. Indeed, Carbide's national advertising in magazines and trade journals, on radio and television and through point of sale displays has featured dramatizations of emergencies overcome as a result of the dependability, durability and long-lasting qualities of the products sold under the mark EVEREADY.

Other uses of the words "ever" and "ready" in connection with various products and services manifests the intended descriptiveness of them. For example, Ever-Ready introduced into evidence advertisements of "Ever-Ready Oil", "Ever-Ready Calendars", "Everedy Housewares", "Ever Ready Mailing Lists", the "Ever-Ready Shaving Brush" and the "everedy Koke-Toter" [cake server and carrier]. Defendant's Exhibits Nos. 119, 120, 123, 124, 125 and 127.[5]

5. While these third party uses of the terms "ever" and "ready" involved goods or services which are unrelated to electrical products, they are illustrative of the descriptive nature of the terms.



On the other hand, descriptive terms must be distinguished from suggestive terms, since the latter are protected by the federal trademark laws. Watkins Prods. Inc. v. Sunway Fruit Prods., Inc., 311 F. 2d 496 (7th Cir. 1962). Suggestive terms "suggest", but do not describe the qualities of a particular product. The distinction threatens to be one without a difference. Essentially, however, the common and ordinary meaning of the term to the public and the incongruous use of it as it relates to the product determine whether a term is suggestive. General Shoe Corporation v. Rosen, 111 F. 2d 95, rhg. denied, 112 F. 2d 561 (4th Cir. 1940) ("[Suggestive] terms . . . shed some light upon the characteristics of the goods, but so applied they involve an element of incongruity and in order to be understood as descriptive, they must be taken in a suggestive or figurative sense through an effort of the imagination on the part of the observer"); W. G. Reardon Laboratories, Inc. v. B & B Exterminators, Inc., 71 F. 2d 515 (4th Cir. 1934) (holding that the term MOUSE SEED for rat poison suggested that the product consists of small seeds which exterminate rodents and did not describe seeds which grow mice); Stewart Paint Mfg. Co. v. United Hardware Distributing Co., 253 F. 2d 568 (8th Cir. 1958) (holding the term Flint-Top for paint did not describe a paint with a top made of flint but suggested that the paint, when dry, had a hard surface).

The terms "ever" and "ready" as they relate to electrical products do not come within the "suggestive" classification.[6]

6. See 1 Nims' Unfair Competition and Trade-Marks, § 201 (1947), wherein it is stated:

> "A practical test [of whether a term is descriptive] is to inquire whether giving to the plaintiff the right to appropriate the word as his trade-mark in any way 'restricts others from properly describing similar articles produced by them. . .' In some cases where trade-marks have been held to be invalid, the courts have pointed out the words claimed as trade-marks are the only words or the most appropriate words by which the goods can be named or described. Where recognition of trade-mark rights woud deprive competitors of the only or best

*(Continued on next page)*

Two cases are troublesome. In Independent Nail & Pack Co. v. Stronghold Screw Products, Inc., 205 F. 2d 921 (7th Cir. 1953), the Court of Appeals for the Seventh Circuit held that the mark Stronghold was not descriptive but suggestive when used in connection with nails. The defendant argued that the mark referred to the superior holding power of a nail manufactured by the plaintiff and consequently was descriptive. In rejecting the argument, the court stated in material part:

> "Although the word 'Stronghold' is suggestive of one of the attributes of plaintiff's nail . . ., it is not descriptive of a nail, let alone that type of nail. A person unaware of the particular product, or the manufacturer, upon seeing or hearing the name 'Stronghold' would find it virtually impossible to identify the product to which it might have been applied. The label 'Stronghold' on a carton, with no other words to designate the contents, would never reveal that the contents were nails of a particular type." 205 F. 2d at 925.

If by this the court meant to hold that in order to be descriptive a term must identify, at least impliedly, the product, I disagree. Describing a characteristic, a quality or an attribute of the product is sufficient. Warner & Co. v. Eli Lilly & Co., 265 U. S. 526, 44 S. Ct. 615, 68 L. Ed. 1161 (1924). To hold otherwise would mean that words like "Superior", "Best" and "Super", all of which claim merely the excellence of a product, would be considered suggestive. Indeed, under this view only nouns could be considered descriptive. The consequence would

*(Continued from preceding page)*

> means of naming and describing their wares there can be no doubt as to the invalidity of the claimed trade-mark. . . . Competitors have a right to use any and all words which, though not absolutely necessary, may appropriately and honestly be used, in their normal sense, with reference to the goods."

Arguably the words "ever" and "ready" are particularly appropriate for service goods such as electrical products. Consequently, they should not be entitled to trademark protection. See also, Minnesota Mining & Mfg. Co. v. Johnson & Johnson, 454 F. 2d 1179, 1180 (CCPA 1972).



make the exclusion of generally descriptive terms from trademark protection meaningless.[7]

There was, however, an additional factor in *Stronghold* that is not present here. The defendant in *Stronghold,* when threatened with litigation, registered its Stronghold mark in 46 states. The court emphasized that the defendant was in a weak position to assert the descriptiveness of the term in light of its prior conduct. 205 F. 2d at 926.

Watkins Products, Inc. v. Sunway Fruit Products, 311 F. 2d 496 (7th Cir. 1962) was a case which arose initially from a Patent Office trademark cancellation proceeding.[8] The Trademark Trial and Appeal Board held unanimously that the mark FRESHIE, registered in 1944 for use in connection with beverage bases for soft drinks, was entitled to trademark protection; that confusion was likely to arise from the concurrent use of FRESH-AID or FRESH-AIDE and FRESHIE and that the registrations of FRESH-AID and FRESH-AIDE, obtained in 1957, were cancelled.

An appeal to the district court ensued. That court reversed the Board and found that FRESHIE was a descriptive term when used in connection with beverage bases for soft drinks. The Court of Appeals for the Seventh Circuit, reversing the district court, found that FRESHIE was entitled to protection but emphasized:

> "It should be kept in mind that the instant case did not arise in the District Court. This was a Patent Office cancellation proceeding. The role of the District Court is different in this kind of proceeding than a case where a suit involving the validity of a trademark is originally com-

7. Certainly, there is nothing incongruous in the use of the term "Stronghold" for describing nails.

The briefs submitted to the Court of Appeals in *Stronghold* did not raise the "incongruity requirement" for suggestive terms.

8. This proceeding results from a petition being filed with the Patent Office objecting to the use of a mark and requesting cancellation of the objectionable mark's registration.

menced in the District Court . . . 'a finding of fact by the Patent Office . . . must be accepted as controlling, unless the contrary is established by evidence . . . a mere preponderance of the evidence is not sufficient. . . .'" 311 F. 2d at 498-99.

*Watkins* is not this case.

When the mark EVEREADY is applied to the electrical products sold by Carbide, the conclusion is inescapable that the products are dependable and durable. Accordingly, I find that Carbide's mark EVEREADY is descriptive and within the purview of § 2(e) of the Lanham Act. 15 U. S. C. § 1052(e).

*Secondary Meaning*. Carbide argues that assuming *arguendo* EVEREADY is a descriptive term, it is still entitled to trademark protection since it has acquired secondary meaning.

A descriptive term may be protected as a trademark if it has secondary meaning. It acquires secondary meaning through usage on a product so that it signifies to the public that the product is produced by a particular source. 1 Nims, Unfair Competition and Trademarks, § 37 (1947). Simply stated, the primary significance of the term to the public must be the producer, so that the public associates the goods designated by the mark with a particular source. Kellogg Co. v. National Biscuit Co., 305 U. S. 111, 59 S. Ct. 109, 83 L. Ed. 73 (1938); Keller Prods., Inc. v. Rubber Linings Corp., 213 F. 2d 382 (7th Cir. 1954).[9]

Proof of secondary meaning must satisfy rigorous "evidentiary requirements." Ralston Purina Co. v. Thomas J. Lipton, Inc., 341 F. Supp. at 133. Consequently, the burden of proving

9. Section 2(f) of the Lanham Act provides in material part: ". . . nothing in this chapter shall prevent the registration of a mark by the applicant which has become distinctive of the applicant's goods in commerce." 15 U. S. C. § 1052(f).

Essentially, section 2(f) provides that when a non-distinctive designation, e.g., a descriptive term, has become distinctive of the producer's goods in commerce, it is subject to trademark protection. Seemingly, "secondary meaning" and "distinctiveness" are synonymous.



secondary meaning which is on the party asserting it, Keller Prods., Inc. v. Rubber Linings Corp., 213 F. 2d at 386, is necessarily "substantial." Aloe Creme Laboratories, Inc. v. Milsan, Inc., 423 F. 2d 845 (5th Cir. 1970), cert. denied 398 U. S. 928, 90 S. Ct. 1818, 26 L. Ed. 2d 90 (1970).

Relevant factors on the issue of secondary meaning are: the amount and manner of advertising, volume of sales, the length and manner of use, direct consumer testimony and consumer surveys. See Ralston Purina Co. v. Thomas J. Lipton, Inc., 341 F. Supp. at 134 ("The term in question must have been 'used in such a manner, over such a period of time, and to such an extent that the purchasing public associates' it with the goods of a particular source"); Sun Valley Mfg. Co. v. Sun Valley Togs, Inc., 39 F. Supp. 502, 503-04 (S. D. N. Y. 1941) ("The elements to be considered in determining whether a name has acquired a secondary meaning are generally (a) length of use of such name, (b) the nature and extent of popularizing and advertising such name, (c) the efforts in promoting the consciousness of the public in connecting that name with a particular product").

The evidence shows that Carbide and its predecessors have distributed and sold electrical products under the EVEREADY mark since 1909; that in 1915 10 million dry cell batteries marked EVEREADY alone were sold with an advertising cost of approximately $225,000; that Carbide's sales of electrical products under the EVEREADY mark from 1963 to 1973 exceeded $100,000,000 each year; that during the 1963-1973 period Carbide advertised in magazines and trade journals, on radio and television and through point of sale displays and that the cost of the 1963-1967 advertising was $50,000,000.

But length of use and volume of sales alone cannot establish secondary meaning. Moreover, the cost of advertising does not establish the success of it but merely the efforts to establish secondary meaning. Aloe Creme Laboratories, Inc. v. Milsan,

Inc., 423 F. 2d at 850; Ralston Purina Co. v. Thomas J. Lipton, Inc., 341 F. Supp. at 134. Indeed, short of a survey, secondary meaning is difficult of direct proof. Aloe Creme Laboratories, Inc. v. Milsan, Inc. 423 F. 2d at 849.

Carbide introduced two surveys in evidence on the issue of likelihood of confusion.[10] The surveys, however, do not help on the secondary meaning issue. There is no apparent evaluation of the products which would form a basis for the acquisition of secondary meaning. Indeed, there is no showing that the interviewee had past experience with Carbide's products so as to establish brand awareness.

Carbide failed to prove that the EVEREADY mark has acquired secondary meaning. Accordingly, since EVEREADY is a descriptive term without secondary meaning, it is not entitled to trademark protection.

## B. LIKELIHOOD OF CONFUSION.

Assuming *arguendo* that EVEREADY is either (1) a non-descriptive term or (2) a descriptive term which has acquired secondary meaning, the issue of whether Carbide established the requisite likelihood of confusion caused by the term "Ever-Ready" must be considered.

To be entitled to relief Carbide must show that Ever-Ready's use of the term "Every-Ready" is likely to confuse the public into believing that the product on which the term appears is produced by Carbide. There is no requirement that actual confusion occur. Tisch Hotels, Inc. v. Americana Inn, Inc., 350 F. 2d 609, 611 (7th Cir. 1965); Keller Prods., Inc. v. Rubber Linings Corp., 213 F. 2d at 386. Moreover, whether a pros-

10. Carbide introduced into evidence two surveys. One survey involved the use of the term "Ever-Ready" on high intensity mini-bulbs and sought to determine whether such use would likely confuse the public into believing that the bulbs were produced by Carbide. The other survey's purpose was the same but it involved the use of the term "Ever-Ready" on lamps.

The surveys and the weight to be accorded them on the issue of the likelihood of confusion are discussed *infra* at pp. 292-294.



pective purchaser, seeing the marks of the parties side by side, would believe that the marks were the same, is not determinative. G. D. Searle & Co. v. Chas. Pfizer & Co., 265 F. 385 (7th Cir. 1959); Albert Dickinson Co. v. Mellos Peanut Co., 179 F. 2d 265 (7th Cir. 1950). Rather the crux of the matter is the purchasing public's state of mind when confronted by similar marks singly presented. G. D. Searle & Co. v. Chas. Pfizer & Co., 265 F. 2d at 388.[11]

Since it is the effect on prospective purchasers that is important, the conditions under which they act are vital.

*Competition between Carbide and Ever-Ready.* In the present case, Carbide and Ever-Ready do not sell competing goods. Carbide employs its EVER-READY mark in the sale of batteries, flashlights, lanterns and miniature lamp bulbs advertised for automobile and marine use. Ever-Ready does not sell batteries. The only flashlights and lanterns sold by it bear the tradenames of the products' manufacturers, which is not Ever-Ready. Moreover, Ever-Ready does not distribute miniature bulbs for automobile and marine use, but limits sale of its bulbs to those intended for use in high intensity home lamps. The fact that Carbide's miniature bulbs, advertised only for automobile and marine use, can be used in high intensity lamps is inconclusive since the consuming public is not aware of and has no way of knowing the interchangeability of the Carbide bulb. Finally, Carbide does not sell any of the various other products sold by Ever-Ready, e.g., lamps, ash-trays, vacuum jugs and other gift items.

The absence of competition between Carbide and Ever-Ready, however, is not necessarily fatal to Carbide's claim. Beef Eater Restaurants, Inc. v. James Burrough, Ltd., 398 F. 2d 637 (5th Cir. 1968) (Beefeater for gin enforced against Beef/Eater for restaurants); Yale Electric Corp. v. Robertson, 26 F. 2d 972 (2d Cir. 1928) (Yale mark on locks and keys

11. Consumer surveys and evidence of actual confusion are the best, if not the only means, to determine the prospective purchaser's state of mind.

enforced against Yale on flashlights and batteries); Wall v. Rolls-Royce of America, Inc., 4 F. 2d 333 (3d Cir. 1925) (Rolls-Royce for automobiles and airplanes enforced against Rolls Royce for radio tubes).[12] Carbide need only show that Ever-Ready's products are sufficiently related so that the public is likely to assume that Carbide is their source.

Nothing was presented at trial establishing a relationship between Ever-Ready miniature bulbs and desk lamps and Carbide's flashlights, batteries, lanterns and bulbs. Carbide attempted to show that a camping lantern manufactured by it was similar to Ever-Ready's desk lamps. The comparison was not persuasive. Similarly, Carbide relied on the fact that its automobile and marine bulbs were interchangeable with Ever-Ready's high intensity miniature bulbs. Again, while there was obviously some relationship established, it could not result in confusion since the consuming public was unaware of the interchangeability.

Assuming *arguendo* that the parties' products are related, there still must be independent proof that confusion is likely. Continental Motors Corp. v. Continental Aviation Corp., 375 F. 2d 857 (5th Cir. 1967). Carbide also failed here.

*Actual Confusion.* Carbide introduced evidence of three instances of alleged actual confusion. Of the three, two occurred after the filing of the complaint.[13] First, Carbide introduced a complaint letter from a Mrs. Kaplan in San Francisco which was mailed December 29, 1971. When initially sent, the letter was addressed to Ever-Ready in Chicago,[14] but was returned

12. Interestingly, the trademarks in these cases had gained fame and notoriety for excellence and quality. In the present case there is no evidence that the EVEREADY mark had gained such stature.

13. The other instance of alleged confusion occurred the day before the filing of the complaint December 29, 1971.

14. The envelope read:

"Ever-Ready, Inc.
Chicago, Illinois 60607"

The zip code appearing on the envelope was the correct Ever-Ready zip code.



to Mrs. Kaplan by the Post Office for "insufficient address."[15] Only after the letter's return did Mrs. Kaplan send it to Carbide in New York. This incident does not prove that Mrs. Kaplan was confused. Initially she knew from whom she purchased the defective product since she addressed the letter to Ever-Ready in Chicago. Indeed, she gave the exact address which appears on Ever-Ready's miniature bulb blister packs. At the least, this incident shows that Mrs. Kaplan did not identify Carbide as the source of the product.[16]

Next Carbide called a Mrs. Ballis to testify. On October 11, 1971, a Mr. Speckman, at that time Carbide's Chicago counsel, instructed Mrs. Ballis, his secretary, to go out and purchase EVEREADY high intensity miniature lamp bulbs, well knowing that Carbide did not manufacture such bulbs.[17] Thereafter, Mrs. Ballis proceeded to Marshall Field & Co., a department store in Chicago. The Field's sales clerk showed Mrs. Ballis Ever-Ready's miniature bulbs, who insisted that those particular bulbs were not manufactured by Carbide. Despite Mrs. Ballis' protests, the sales clerk assured her that the bulbs were made by Carbide. After purchasing the Ever-Ready bulbs, Mrs. Ballis returned to Speckman to inform him of what transpired. According to Mrs. Ballis, his reaction was "kind of humorous." Record, Vol. 2, at 313. Immediately, however, he requested Mrs. Ballis to write down what had happened.

The sales clerk's confusion is not entitled to any weight. Obviously the desire to make a sale influenced her actions.

15. The declaration "insufficient address" on the envelope, if offered for the truth of it, is hearsay. Consequently, the only meaning which I can ascribe to it is that the letter reached some point in postal delivery; that the Post Office returned it to Mrs. Kaplan who subsequently addressed a second envelope to Carbide in New York.

16. There is no evidence in the record that Mrs. Kaplan's remarks in her letter regarding the quality of the goods and "your good reputation" were directed particularly at Carbide.

17. At the time Speckman had in his possession Ever-Ready blister pack cards containing its high intensity miniature bulbs. The alleged purpose of the Ballis excursion, as represented to her, was to enable Speckman to compare Ever-Ready and Carbide bulbs.

At least, it is impossible to distinguish between her alleged confusion and her desire to make a sale. Moreover, evidence of this type, manufactured by a party after a complaint has been filed, is suspect.

Finally, Carbide called a Mrs Lonczak and her daughter, Barbara, to testify to their alleged confusion regarding the source of certain miniature lamp bulbs purchased by them. Mr. Lonczak had purchased miniature lamp bulbs marked "Ever-Ready" for Barbara's reading lamp. When the bulbs burned out, Barbara wrote a letter protesting the poor quality of the bulbs. In addressing the letter, however, Barbara and Mrs. Lonczak ignored completely the Chicago address of Ever-Ready appearing on the blister package which carried the bulbs and instead used Carbide's New York address.[18] Apparently, the obvious difference in the addresses was of no moment. Also, the testimony establishes that Mrs. Lonczak did not examine the "Ever-Ready" mark on the miniature bulbs until after she was contacted by Carbide's counsel. Record, vol. 1 at 141-42. The most cursory examination of the marked "Ever-Ready" and EVEREADY reveals their dissimilarities.[19] Occasional confusion by careless and inattentive people cannot sustain an action for trademark infringement and unfair competition. S. C. Johnson & Son, Inc. v. Johnson, 266 F. 2d 129, 141 (6th Cir. 1959).

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18. Mrs. Lonczak called telephone information in Chicago for Ever-Ready's complete Chicago address. After being told by the operator that there were several Ever-Ready's listed in Chicago, Mrs. Lonczak terminated her Chicago efforts and telephoned the store at which she purchased the bulbs. She obtained therefrom Carbide's New York address. Arguably, the testimony of Mrs. Lonczak and her daughter evidences only the store's confusion, especially in light of Mrs. Lonczak's Chicago efforts. Also, there is no evidence establishing whether Mrs. Lonczak correctly identified the product which she purchased so as to enable the store to identify Ever-Ready as the product's source.

19. In determining whether a mark causes confusion with another, I may compare and contrast the marks. When "Ever-Ready" and EVEREADY are so analyzed, I conclude that the two marks are not likely to be confused with each other. Although my conclusion is formed on the whole appearance, its expression must necessarily detail the differences. The EVEREADY mark as used has

*(Continued on next page)*



*Survey Evidence.* Carbide introduced in evidence two surveys to establish the likelihood of confusion caused by the term "Ever-Ready" with its mark EVEREADY. While the survey were ruled admissible prior to trial, the question of the weight to be accorded them was reserved expressly for trial.[20] After considering the testimony of Carbide's expert, Thomas Fitzpatrick (hereinafter "Fitzpatrick"),[21] who supervised the preparation[22] and giving of the surveys, and analyzing the survey questions, I conclude that the surveys are entitled to little, if any, weight.

First Carbide introduced the mini-bulb survey in evidence. The purpose of the offer was to establish that the use of the term "Ever-Ready" on Ever-Ready's high intensity miniature bulbs was likely to confuse the public into believing that the bulbs were produced by Carbide. 1,014 persons were interviewed. Each interviewee, after qualifying for the survey, was shown a blister pack of Ever-Ready miniature bulbs and asked:

Question 1: Who do you think puts out these mini-bulbs?

Question 2: What makes you think so?

---

*(Continued from preceding page)*

all letters capitalized. "Ever-Ready" as used only has the "E" and "R" capitalized. Ever-Ready's mark consists of two words. The marks are spelled differently. The EVEREADY mark appears in ascending and descending block letters and appears generally on a blue or red background, which is pentagonal or hexagonal in shape. "Ever-Ready" is written in descending script on a black trapezoidal background.

20. On April 11, 1973, Judge Tone ruled "conditionally" that the surveys were admissible in evidence. In suggesting certain changes in the framing of two survey questions, Judge Tone stated: "I am therefore not deciding or intimating any opinion as to whether the survey might be more or less persuasive if it were recast." Clearly the April 11 ruling did not go to the weight to be accorded the surveys.

21. Ever-Ready stipulated that Fitzpatrick is an expert in the field of market research and public opinion surveys.

22. Fitzpatrick had the final say on the wording of survey questions. Record, vol. 1 at 172.

Question 3a: Have you seen or heard of any advertising by the concern which you think puts out these mini-bulbs?

Question 3b: Please specify where, what type and features you recall.

Question 4: Please name any other products put out by the same concern which you think puts out these mini-bulbs.

Next Carbide introduced the lamp survey in evidence. Again, the purpose was to establish that the use of the term "Ever-Ready" on the lamps sold by Ever-Ready was likely to confuse the public into believing that the lamps were produced by Carbide. Like the bulb survey, each interviewee was shown the product marked "Ever-Ready", but unlike the bulb survey, the interviewees were asked only:

Question 1: Who do you think puts out the lamp shown here?

Question 2: What makes you think so?

Question 3: Please name any other products put out by the same concern which you think puts out the lamps shown here.[23]

Carbide claims that 615 of 1014 (61%) interviewees identified it in the bulb survey as the source of the miniature bulbs. Of those 615, 13 interviewees identified Carbide specifically in answer to Questions 1 and 2; 545 interviewees answered "batteries" and/or "flashlights" in response to Question 4, and 57 interviewees associated their responses to Questions 1 and 2 with Union Carbide advertising.

Also, Carbide claims that 557 of 1009 (55%) interviewees identified it in the lamp survey as the source of the product. Of those 557, 6 identified Carbide specifically in answer to Questions 1 and 2 and 551 interviewees answered "batteries" and/or "flashlights" in response to Question 3.

23. Questions 1, 2, 3a, 3b and 4 of the bulb survey were numbered Questions 2, 3, 4a, 4b and 5 in the actual survey. Questions 1, 2 and 3 of the lamp survey were numbered Questions 2, 3 and 4 in the actual survey.



Questions 1 and 2 of the bulb and lamp surveys establish nothing. The evidence shows that in the bulb survey, approximately 600 interviewees who responded "ever ready" to Question 1 answered "because it says so on the pack" or "because I can read it on the blister pack." At best, such responses show the reading ability of the interviewee. Certainly, the responses are equivocal on the issue of the product's source. Indeed, Fitzpatrick when asked:

> . . . where the respondent answered "Ever-Ready" to Question [1], and to the follow-up Question [2], "Because it says so" or "I can read it on the packet," how does that prove anything other than that the respondent can read the name "Ever-Ready" on the packet?

responded:

> I would say it does not help it. Record, vol. 2 at p. 249.

In light of the responses to Questions 1 and 2, Questions 3 and 4 of the lamp and bulb surveys respectively, proceeded to suggest an opinion of those interviewees who had not formed one. For example, in the bulb survey 179 interviewees responded initially, "I don't know" to Questions 1 and 2, but after Question 4 was asked, 48 of the 179 responded "batteries" or "flashlights."[24] A similar question was condemned as leading in General Motors Corp. v. Cadillac Marine & Boat Co., 226 F. Supp. 716 (W. D. Mich. 1964). There General Motors sought to enjoin the Cadillac Marine & Boat Co. from manufacturing and selling "Cadillac" boats. A survey, consisting of an interviewer showing an interviewee a picture of a "Cadillac" boat advertisement and asking (1) who do you think puts out the boats shown . . . and (2) will you please name anything else that you think is put out by the same concern, was introduced in evidence to establish likelihood of confusion. The court, finding the second question defective on the grounds that it was leading and suggestive, stated:

24. Interestingly, these 48 interviewees were counted as cases of confusion.

"To demonstrate the propensity of the question to lead, an examination of the survey booklets provides many instances where a person who drew a complete blank on the initial question was suddenly reminded of cars and General Motors by the way in which the second question is phrased. This reminder was the product, not of the advertisement, but of the second question itself." 226 F. Supp. at 736.

In support of this conclusion, Fitzpatrick testified:

> Question: Well, would you go so far as to say that the survey there conducted in the Cadillac case was not probative, or did not tend to show likelihood of confusion as to the source of origin of the Cadillac boats?
> Answer: I would say that it was a leading questionnaire.
> Question: And, therefore, slanted?
> Answer: Yes.
> Question: And, therefore, likely to lead to bias?
> Answer: Possibly, yes.
> Question: And, therefore, likely to lead to error?
> Answer: Correct.[25]
> Record, vol, 2 at pp. 226-227.

Strangely, Fitzpatrick does not reach the same conclusions on the bulb and lamp surveys here, despite the great similarities they share with the *Cadillac* survey.

Also Question 3a of the bulb survey biases that survey in favor of Carbide. Ever-Ready does not advertise its mini-bulbs. On the other hand, Carbide spent in excess of $50 million for advertising and promoting the sales of its EVEREADY products between 1943 and 1973. Consequently, the only advertising that would suggest the source of the mini-bulbs would originate from Carbide.[26] In explaining why Question 3a was not included in the lamp survey, Fitzpatrick testified:

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25. The record does not support Carbide's contention that Fitzpatrick was restating what he understood to be the court's position in the *Cadillac* case.

26. Carbide argues that Ever-Ready's point of sale display advertising is sufficient to remove any bias from Question 3a. I disagree. Certainly, such displays do not resemble in kind and do not reach the magnitude of Carbide's national advertising over the past 30 years.



> Question: What, again was your explanation for dropping Question [3a of the bulb survey] in the lamp survey?
> Answer: To the best of my knowledge I was informed that there was no advertising performed by the defendant on the lamp survey—on his lamps.
> Question: Just no advertising or—who informed you of that?
> Answer: The firm of Nims, Halliday.
> Question: Well, what did they say to you on that specifically?
> Answer: They said that the—when they asked me to prepare a questionnaire for the lamp study, I prepared an identical questionnaire for both studies, and they said, well, there no advertising—the defendant has not done any advertising. Do you think we should ask that particular question? I said no.
> Question: And why did you think that that question should not be included if in fact the defendant had done no advertising of the lamp?
> Answer: Because if we insert it there, I think you can be accused—we could be accused of showing a bias for the Union Carbide Company.
> * * * * *
> Question: Well, how could you be accused of showing a bias for the Union Carbide Company by including Question [3a] if the defendant did no advertising of its product being surveyed.
> Answer: Because if we asked that question of a respondent and the defendant did not use it, how could they possibly answer in terms of the defendants' product?
> Question: And, therefore, the only advertising that would be likely to be called to mind would be Union Carbide's advertising?
> Answer: That would be correct.
> Record, vol. 2, at pp. 235-237.

Seemingly, the same rationale is applicable to the bulb survey. Succinctly, the bulb and lamp surveys do not establish the

requisite likelihood of confusion between the term "Ever-Ready" and the mark EVEREADY.[27]

For the reasons hereinbefore stated, defendants' use of the term "Ever-Ready" does not constitute a violation of the trademark infringement laws.[28]

## II. UNFAIR COMPETITION.

Carbide seeks relief based on Ever-Ready's alleged unfair competition.

First, the term "Ever-Ready" is different from the mark EVEREADY. *Supra,* note 19. Consequently, it is not likely that they will be confused. Assuming *arguendo,* however, that they are similar, Carbide has not proved the requisite likelihood of confusion. *Supra,* pp. 289-295.

Accordingly, I find that the use of the term "Ever-Ready" does not constitute unfair competition.

Carbide's claim for relief based on dilution under Ill. Rev. Stat. 1973, ch. 140, § 22, is without merit. Accordingly that claim is rejected.

The foregoing will constitute findings and conclusions under Rule 52(a) of the Federal Rules of Civil Procedure. Judgment will enter dismissing plaintiff's complaint and defendants will have judgment for their costs.

27. Interestingly, 140 interviewees in the bulb survey identified a company other than Carbide and Ever-Ready as the source of the mini-bulbs. If the 36 interviewees who identified either Carbide [13] or Ever-Ready [23] as the source of the mini-bulbs are added to the 140 figure, the total number who identified a specific source for the product is 176. Of the 176, 163 [approximately 90%] interviewees identified Ever-Ready or someone other than Carbide as the products' source.

28. In light of my conclusion on the trademark infringement issue, I do not reach defendants' affirmative defense of laches.



UNITED STATES COURT OF APPEALS
For the Seventh Circuit
Chicago, Illinois 60604

March 11, 1976

Before

HON. TOM C. CLARK, *Associate Justice**
HON. WILBUR F. PELL, JR., *Circuit Judge*
HON. ROBERT E. SPRECHER, *Circuit Judge*

| | |
|---|---|
| UNION CARBIDE CORPORATION, a corporation, *Plaintiff-Appellant,* vs. EVER-READY INCORPORATED, a corporation, and MARK GILBERT, an individual, *Defendants-Appellees.* | Appeal from United States District Court for the Northern District of Illinois, Eastern Division. No. 71-C-3151 Prentice H. Marshall, *Judge.* |

No. 75-1371

On consideration of the petition of the defendants-appellees, Ever-Ready Incorporated and Mark Gilbert, for rehearing,

IT IS ORDERED that the opinion of this court heretofore filed on January 30, 1976, shall be and hereby is amended in the following respects:

* Associate Justice Tom C. Clark of the Supreme Court of the United States (Retired) is sitting by designation.

(1) At page 5 of the slip opinion, the last sentence is amended to read as follows:

> Seven defenses then follow, but none are relevant in this appeal.[5]

(2) At page 14 of the slip opinion, the fourth sentence in the last paragraph is amended to read as follows:

> Plaintiff has established incontestability under § 1065, and defendants in the present appeal have not shown that any of the first six defenses enumerated in § 1115(b) are available to them.

(3) At page 34 of the slip opinion, the first sentence in the first full paragraph is amended to read as follows:

> We cannot hold the district court's determination that the advertising question was improper was clearly erroneous in light of the finding that Ever-Ready's advertising was insignificant compared to Carbide's.

(4) At page 35 of the slip opinion, the caption of the first full paragraph is amended to read as follows:

III. Laches

(5) At page 35 of the slip opinion, following the paragraph caption "III. Laches," the following new material is inserted in the opinion:

IV. *Antitrust Issues*

> As noted hereinbefore, the antitrust issues raised as an affirmative defense by the defendants were severed for separate trial pursuant to Fed. R. Civ. P. 42(b) and are not involved in this appeal.
>
> In their amended answer, the primary thrust of the defendants' antitrust contentions is directed toward 15 U.S.C. § 1115 (b)(7), which relates only to one of the seven specified defenses to incontestability of plaintiff's trademarks. In this opinion, we have alternatively determined validity of the trademarks irrespective of the Lanham Act which arguably would appear to preclude any further viability to the antitrust defense. However, a fair reading



> of the antitrust affirmative defense would indicate that it is sufficiently broad as to include a claim for equitable denial of enforcement of the trademarks on the basis of their claimed use in violation of the antitrust laws aside from the specific defense to incontestability. In *Carl Zeiss Stiftung* v. *V.E.B. Carl Zeiss, Jena*, 298 F.Supp. 1309, 1314 (S.D.N.Y. 1969), *affd. on the point in issue*, 433 F.2d 686, 706 (2nd Cir. 1970), *cert. denied*, 403 U.S. 905 (1971), Judge Mansfield, then of the district bench, reached the conclusion that although the issue was not free from doubt, "a court, in the exercise of its equity powers, may deny enforcement of a trademark on the part of one who has used that trademark in violation of the antitrust laws."
>
> We agree but we also agree with Judge Mansfield's opinion that the burden of such proof is a heavy one on the proponent of the issue and that the forces favoring the defense are much weaker than in patent cases which involve by their very nature a monopoly situation. Nevertheless, in view of the posture of this case as it has reached us, we will not deny the plaintiffs the opportunity to take up the burden of proof.

(6) At pages 35-36 of the slip opinion the final paragraphs entitled "V. Relief" are deleted and the following paragraphs are substituted:

V. Relief

> The judgment of the district court is reversed and the case is remanded for further proceedings not inconsistent with this opinion. In the event of a failure by the defendants upon further proceedings to sustain their antitrust affirmative defenses, the district court will enter an appropriate injunction. In so doing, the court will have to determine whether Ever-Ready should be barred from using its name *in the trade* in connection with electrical products such as mini-bulbs and lamps. We also leave to the district court's discretion in the event the plaintiff ultimately prevails whether to grant the remedy of delivering up articles on which the mark appears sought by Carbide under § 1118. All further proceedings in this cause shall be reassigned to another judge pursuant to Circuit Rule 23.

Since all the relief plaintiff seeks may be granted under the federal act, we need not address plaintiff's state law unfair competition and dilution claims.

The judgment of this court will assess costs of this appeal against the defendants.

REVERSED AND REMANDED

Further, having considered the other contentions advanced by the defendants in their petition for rehearing, the said petition shall be and hereby is denied, and the opinion of this court heretofore issued, subject only to the amendments set forth in the foregoing order, shall stand as the opinion of this court.

Supreme Court, U. S.
FILED
JUL 9 1976
MICHAEL RODAK, JR.

IN THE

# Supreme Court of the United States

OCTOBER TERM, 1975

No. 75-1794

EVER-READY INCORPORATED, a corporation, and
MARK GILBERT, an individual,

*Petitioners,*

VS.

UNION CARBIDE CORPORATION, a corporation,

*Respondent.*

## BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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LEX PRINTING CO., INC., 451 GREENWICH ST., N.Y. 10013—966-4300

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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1975

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EVER-READY INCORPORATED, a corporation, and MARK GILBERT, an individual,

*Petitioners,*

vs.

UNION CARBIDE CORPORATION, a corporation,

*Respondent.*

---

## BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Respondent, Union Carbide Corporation, plaintiff in the district court, appellant below, prays that this Court not issue a writ of certiorari to review the judgment and opinion of the United States Court of Appeals for the Seventh Circuit entered in the above-entitled case on January 30, 1976, as amended on denial of petition for rehearing on March 11, 1976.

### Questions Presented for Review

1. Whether a defendant in a trademark infringement action may attack the validity of plaintiff's mark, when plaintiff's rights therein have become incontestable through

registration and compliance with the requirements of Section 15 of the Lanham Act, except upon one of the grounds enumerated in Section 33(b) of the Act.

2. Whether, in a trademark infringement action, the Court of Appeals abused its discretion and violated F.R.C.P. 52(a) by holding certain findings of the district court clearly erroneous and holding that the district court had failed to apply the proper standards in evaluating the evidence.

## Counterstatement of the Case

Respondent has restated the questions presented for review because those questions, as set out in the petition for certiorari herein, contain inaccuracies as to the applicable statutory law, the opinion of the district court and the basis for reversal by the Court of Appeals.

Petitioners' first question[1] implies that, under Section 15 of the Lanham Act,[2] a mark becomes "incontestable" merely "by means of registration and a lapse of five years." This is incorrect. Section 15, which is set out in full at pages 2-3 of the petition for certiorari, provides, *inter alia,* that registrant's rights in a mark become incontestable only if it has used the mark continuously in commerce for five years since registration, there has been no final decision adverse to those rights and there is no pending proceeding involving those rights *and* registrant files an affidavit

[1] "Whether a defendant in a trademark infringement action may be denied the right to attack the underlying validity of plaintiff's mark, except upon the limited grounds enumerated in Section 33(b) of the Lanham Act, merely because by means of registration and a lapse of five years, the mark has become 'incontestable' under Section 15 of that Act."

[2] 15 U.S.C. 1065.



setting forth such facts. Upon compliance with all of the provisions of Section 15, Section 33(b),[3] set out in full at page 3-5 of the petition, provides that "the registration shall be conclusive evidence of the registrant's exclusive right to use the mark in commerce" subject to seven enumerated defenses.

Respondent's rights in its trademark have become incontestable by compliance with the provisions of Section 15 of the Act (A4, A41).[4] Petitioners did not establish any of the seven defenses enumerated in Section 33(b) (*infra,* p. 4). The question here is whether other defenses should be permitted even though not enumerated in the Statute.

Petitioners' second question[5] suggests inaccurately that the Court of Appeals tried the likelihood of confusion issue *de novo.* Moreover, the district court made no finding that survey evidence offered by respondent was "slanted, and likely to lead to bias and error", nor did it question the credibility of any of respondent's witnesses.

Petitioners' statement of the case suggests that they had been conducting business in much the same way since the mid-1940's. Regardless of their use of the name Ever-Ready as wholesalers dealing with the trade, the Record shows that petitioners' importation of miniature lamp bulbs in packages bearing the trademark EVER-READY, and their subsequent importation of high-intensity lamps so

[3] 15 U.S.C. 1115(b).

[4] The opinions below will be cited by reference to the Appendix to the petition for certiorari.

[5] "Whether, in a trademark infringement action, the Court of Appeals abused its discretion and violated F. R. C. P. 52(a) by trying the likelihood of confusion issue *de novo* and reversing the trial court's specific finding that there was no likelihood of confusion because (1) plaintiff's survey evidence was 'slanted, and likely to lead to bias and error,' and (2) plaintiff's witnesses were not to be believed."

marked, began in 1969 (A3). Moreover, respondent's initial protest to petitioners was based upon use of the trademark EVEREADY not merely upon miniature lamps for automotive use (Petition, p. 6), but upon long and extensive use of the mark on miniature lamp bulbs generally and on other products, including flashlights, batteries and other electrical products (A2, A41-A42).

## ARGUMENT

### I.

### The Holding of the Court of Appeals for the Seventh Circuit that Respondent's Trademark EVEREADY is Valid Was Correct in Law and Fact and Need Not Be Reviewed.

#### A. The Holding of the Court of Appeals Regarding the Effect of Incontestability Is Not in Conflict with the Decisions in Other Circuits.

Section 33(b) of the Lanham Act, which is one of the sections of that statute dealing with remedies for infringement (§§32-40), provides that, when the right to use the registered mark has become incontestable, "the registration shall be conclusive evidence of the registrant's exclusive right to use" the mark in commerce on or in connection with the goods specified except when certain enumerated defenses are established. None of those defenses was established here.[6]

As the Court of Appeals correctly noted, the district court simply disregarded the effect of incontestability in

[6] Before trial, petitioners were permitted to amend their Answer to allege an "antitrust" defense under Subsection (7), but this issue was severed by the trial judge and is now before the district court on remand from the Court of Appeals.



holding plaintiff's trademark EVEREADY descriptive and therefore invalid. Nevertheless, petitioners now urge this Court to grant a writ of certiorari on the ground that the decision of the Court of Appeals is in conflict with decisions of other circuits.

The specific decisions relied upon by petitioners in support of this contention are *Tillamook Creamery Ass'n* v. *Tillamook Cheese & Dairy Ass'n*, 345 F.2d 158 (9th Cir.), *cert. denied*, 382 U. S. 903 (1965); *Flavor Corporation of America* v. *Kemin Industries, Inc.*, 493 F.2d 275 (8th Cir. 1974); and *Wrist-Rocket Manufacturing Co., Inc.* v. *Saunders Archery Co.*, 516 F.2d 846 (8th Cir.), *cert. denied*, 423 U.S. 870 (1975). Each of these cases was considered by the Court of Appeals (A7-A11), and it does not appear that a conflict between the circuits is presented.

Both *Tillamook* and *Wrist-Rocket* were cases in which a prior user of a mark which was later the subject of an "incontestable" registration was held entitled to continue its use. In neither of these cases was there any claim that the mark involved was descriptive, nor was a registered mark held invalid.[7]

To construe the 8th Circuit opinion in *Flavor Corporation*[8] as a holding that incontestable rights in a registered

[7] The district court decisions relied upon by petitioners are not in point. In *Haviland & Co.* v. *Johann Haviland China Corporation*, 269 F.Supp. 928 (S.D.N.Y. 1967), defendant's mark had been in use concurrently with plaintiff's for many years prior to the issuance of plaintiff's registrations. *Schwinn Bicycle Co.* v. *Murray Ohio Manufacturing Co.*, 339 F. Supp. 973 (M.D. Tenn. 1971), *aff'd*, 470 F.2d 975 (6th Cir. 1972), did not involve descriptiveness but rather an element of plaintiff's product found by the trial court to be functional. The Court of Appeals did not consider incontestability.

[8] The extensive discussion by the Court of Appeals (A10-A14) was intended to clarify its earlier opinion in *John Morrell & Co.* v. *Reliable Packing Co.*, 295 F.2d 314 (7th Cir. 1961).

mark remain subject to defenses in infringement suits not specified in the Statute overlooks the Court's observation, in a footnote (493 F.2d at 281), that:

> "The precise effect incontestable status might have on the scope of injunctive relief is not certain. [Citations omitted.] Since we find the trial court's determination that 'PESTLUR' is a descriptive mark not to be clearly erroneous, it is unnecessary to decide that question."

Whatever the merits of the district court's finding in *Flavor Corporation* regarding the descriptiveness of PESTLUR for rodenticide flavorings, it seems clear that EVEREADY could not be held "*the common descriptive name* of any article or substance" (emphasis supplied), the test under Section 15(4), relied upon in *Flavor Corporation*. Moreover, in its subsequent opinion in *Wrist-Rocket Manufacturing Co., Inc.* v. *Saunders Archery Co., supra,* the Eighth Circuit rejected the proposition that any defense not set forth in the Statute may be raised in an infringement action where rights in the mark have become incontestable (516 F.2d at 851).

In effect the Court of Appeals has held that Section 33(b) of the Lanham Act means exactly what is stated therein, namely, that when incontestability has been established, a registered mark is *conclusive* evidence of registrant's *exclusive* right to use his mark in commerce on the goods specified unless one of the seven enumerated defenses is established. Far from leaving the "intent and meaning" of this provision "in a state of confusion" (Petition, p. 9), the Court's opinion clarifies the interpretation of the Statute. Since petitioners did not establish any of the enumerated defenses, it was proper for the Court of Appeals to hold respondent's mark valid.



It is significant that, because of its discussion on the effect of incontestability, the panel below distributed the opinion to all judges of the Court in regular active service[9] and that no judge voted to rehear the case *en banc* (A15).

### B. A Reversal of the Holding of the Court of Appeals as to Incontestability Would Not Change the Result Below.

After holding that plaintiff's incontestable rights in its registered mark precluded any defense in an infringement action not enumerated in §33(b) of the Lanham Act, the Court of Appeals went on to consider the merits of the mark wholly apart from its incontestable status. Although apparently disagreeing with the finding of the district judge that EVEREADY was descriptive, the Court of Appeals assumed *arguendo* that the mark was descriptive and then held the finding below that it had not acquired secondary meaning to be clearly erroneous (A19-A22).

In support of its holding that EVEREADY had acquired secondary meaning, the Court of Appeals pointed to "overwhelming evidence in the record" of long and extensive sales and advertising of electrical products under the EVEREADY mark; remarks by defendants' counsel himself regarding the public's association of the name EVEREADY with plaintiff's batteries; the surveys offered by plaintiff which demonstrated that "an extremely significant portion of the public associates Carbide's products with a single anonymous source", and the "general public knowledge" that EVEREADY is utilized "to indicate the single, though anonymous, source" of plaintiff's products.

---

[9] Judge Philip W. Tone, who had heard certain pretrial motions in the district court, disqualified himself from any consideration of the case on appeal.

Even in *Flavor Corporation of America* v. *Kemin Industries, Inc., supra,* the Court of Appeals for the Eighth Circuit recognized that the owner of a mark which has acquired a secondary meaning is entitled to injunctive relief when the mark is infringed, regardless of incontestability (493 F.2d at 282).

Petitioners here have not challenged the portion of the Court of Appeals decision holding plaintiff's trademark EVEREADY valid wholly apart from considerations of incontestability. Thus, even if this Court were to grant certiorari and hold an "incontestable" registration open to such attack on the ground of descriptiveness in an infringement action, the result in the present case would not be changed.

## II.

**The Holding of the Court of Appeals that the District Court Was Clearly Erroneous in Finding No Likelihood of Confusion Was Correct and Should Not Be Disturbed.**

In arguing that the Court of Appeals exceeded its authority to review the findings of the district court, petitioners rely upon *Zenith Radio Corp.* v. *Hazeltine Research Inc.,* 395 U.S. 100 (1969). That was a patent infringement action in which the defendant had counterclaimed for violation of the antitrust laws. The passage quoted by petitioners related to that part of the opinion in which the Court of Appeals, while not refusing to accept certain testimony on behalf of the counterclaimant, considered it of insufficient weight to support certain findings of the trial court. That is hardly the situation here, where the Court of Appeals has held "clearly erroneous" several findings by



the district court based upon evidence of likelihood of confusion.

In *United States* v. *United States Gypsum Co.,* 333 U.S. 364, 395 (1947), this Court recognized that findings of fact by a trial court may be reversed where "clearly erroneous", as the Court of Appeals found the crucial findings to be in the present case. Moreover, in *Gypsum,* this Court discussed the background of the rule, tracing its genesis in the equity practice prevailing prior to the adoption of Rule 52(a) of the Federal Rules of Civil Procedure:

> "The practice in equity prior to the present Rules of Civil Procedure was that the findings of the trial court, when dependent upon oral testimony where the candor and credibility of the witnesses would best be judged, had great weight with the appellate court. The findings were never conclusive however. A finding is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed."

In the present case, the "candor and credibility of the witnesses" is not an issue. The trial judge did not reject either the surveys or the evidence of instances of actual confusion caused by defendants' infringement because he did not believe the witnesses were telling the truth, but rather because of misconceptions as to the applicable standards.

As the Court of Appeals correctly noted, to the extent that likelihood of confusion is predicated upon the similarity of the marks themselves, it is a mixed question of law and fact with the appellate court in as good a position as the trial judge to determine the probability of confusion (A26). The Court of Appeals then held explicitly that the trial court erred in holding the marks of the parties dissimilar in the contemplation of the law.

With regard to the instances of actual confusion presented by respondent, the first was wholly documentary, consisting of correspondence, and the appellate court was clearly in as good a position as the trial judge to evaluate this evidence (A27, A54-55).

The second instance of actual confusion was rejected by the trial court, not because it lacked probative value, but rather because the judge accepted petitioners' disputed contention that it was "manufactured by a party" and therefore "suspect" (A56). Since the district court did not question the truthfulness of the testimony, the Court of Appeals was in a position to consider the evidence and quite properly held it probative and entitled to weight (A28-29).

The Court of Appeals also held probative on the issue of likelihood of confusion the testimony of Mrs. Lonczak and her daughter, who had purchased petitioners' products marked EVER-READY in the belief that they were put out by the "EVEREADY battery people". Since side-by-side comparison of the respective marks is not the test of likelihood of confusion, the Court of Appeals held that the failure of these witnesses to make such a comparison was no ground for discrediting their testimony (A29-30, A56).

There was no finding by the district court as to the candor and credibility of the witness Fitzpatrick, who had prepared and supervised the surveys. The Court of Appeals relied on its own examination of the survey questionnaires themselves and of the results obtained in holding that the trial court's failure to credit the survey evidence was "clearly erroneous" (A35) and that the survey results showed substantial likelihood of confusion.

There was no suggestion that the trial judge did not believe the testimony or the other evidence presented by plaintiff as to likelihood of confusion. Had the district judge found that the witnesses were not telling the truth,



a completely different question would be presented. The issue here is not whether the judge believed or disbelieved the testimony, but rather is whether he correctly interpreted and applied the evidence in determining the issue of likelihood of confusion. Respondent submits that the Court of Appeals was correct in holding that he did not.

## CONCLUSION

The decision of the Court of Appeals is not in conflict with the decision of another court of appeals on the same matter. There has been no departure by the Court of Appeals from the accepted and usual course of judicial proceedings nor, specifically, from the standards of review set forth in Rule 52(a) of the Federal Rules of Civil Procedure. Petitioners have not shown any reason which calls for the exercise of this Court's powers of supervision. The Petition should be denied.

Respectfully submitted,

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